



Report and Recommendation of the President to the Board of Directors

Project Number: 54171-004
November 2021

Proposed Loan and Administration of Loan for Additional Financing Republic of the Philippines: Second Health System Enhancement to Address and Limit COVID-19 under the Asia Pacific Vaccine Access Facility

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 3 November 2021)

Currency unit	–	peso (₱)
₱1.00	=	\$0.01971
\$1.00	=	₱50.7240

ABBREVIATIONS

ADB	–	Asian Development Bank
AIIB	–	Asian Infrastructure Investment Bank
APVAX	–	Asia Pacific Vaccine Access Facility
COVAX	–	COVID-19 Vaccines Global Access
COVID-19	–	coronavirus disease
DOH	–	Department of Health
DICT	–	Department of Information and Communications Technology
GDP	–	gross domestic product
HEAL2	–	Second Health System Enhancement to Address and Limit COVID-19 under the Asia Pacific Vaccine Access Facility
HEAL2-AF	–	HEAL2 additional financing
LGU	–	local government unit
NTF	–	National Task Force against COVID-19
PAM	–	project administration manual
PNDVP	–	Philippine National Deployment and Vaccination Plan for COVID-19 Vaccines
TA	–	technical assistance
UNICEF	–	United Nations Children's Fund
USAID	–	United States Agency for International Development
VIMS	–	vaccine information management system
WEDC	–	women in especially difficult circumstances
WHO	–	World Health Organization

NOTE

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

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CONTENTS

	Page
PROJECT AT A GLANCE	
I. THE PROPOSAL	1
II. THE PROJECT	1
A. Rationale	1
B. Project Description	8
C. Value Added by ADB	8
D. Summary Cost Estimates and Financing Plan	9
E. Implementation Arrangements	11
III. DUE DILIGENCE	12
A. Economic Viability	12
B. Sustainability	12
C. Governance	12
D. Poverty, Social, and Gender	13
E. Safeguards	13
F. Summary of Risk Assessment and Risk Management Plan	14
IV. ASSURANCES AND CONDITIONS	15
V. RECOMMENDATION	15
APPENDIXES	
1. Revised Design and Monitoring Framework	16
2. List of Linked Documents	18

PROJECT AT A GLANCE

1. Basic Data		Project Number: 54171-004	
Project Name	Second Health System Enhancement to Address and Limit COVID-19 under the Asia Pacific Vaccine Access Facility - Additional Financing	Department/Division	SERD/SEHS
Country	Philippines	Executing Agency	Department of Health
Borrower	Republic of the Philippines		
Country Economic Indicators	https://www.adb.org/Documents/LinkedDocs/?id=54171-004-CEI		
Portfolio at a Glance	https://www.adb.org/Documents/LinkedDocs/?id=54171-004-PortAtaGlance		
2. Sector		ADB Financing (\$ million)	
✓ Health	Disease control of communicable disease		250.00
		Total	250.00
3. Operational Priorities		Climate Change Information	
✓ Addressing remaining poverty and reducing inequalities		GHG reductions (tons per annum)	0.000
✓ Accelerating progress in gender equality		Climate Change impact on the Project	Low
✓ Fostering regional cooperation and integration			
		ADB Financing	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
		Cofinancing	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
Sustainable Development Goals		Gender Equity and Mainstreaming	
SDG 1.4		Effective gender mainstreaming (EGM)	✓
SDG 3.3, 3.8			
SDG 5.4, 5.c			
		Poverty Targeting	
		General Intervention on Poverty	✓
4. Risk Categorization:		Complex	
5. Safeguard Categorization		Environment: C Involuntary Resettlement: C Indigenous Peoples: C	
6. Financing			
Modality and Sources		Amount (\$ million)	
ADB		250.00	
Sovereign Asia Pacific Vaccine Access Facility (Regular Loan): Ordinary capital resources		250.00	
Cofinancing		250.00	
Asian Infrastructure Investment Bank - Asia Pacific Vaccine Access Facility (Partial ADB Administration)		250.00	
Counterpart		49.37	
Government		49.37	
Total		549.37	
Currency of ADB Financing: US Dollar			

I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on a proposed loan to the Republic of the Philippines for the additional financing of the Second Health System Enhancement to Address and Limit COVID-19 under the Asia Pacific Vaccine Access Facility.¹ The report also describes the proposed administration of a loan to be provided by the Asian Infrastructure Investment Bank (AIIB) for the additional financing of the Second Health System Enhancement to Address and Limit COVID-19 under the Asia Pacific Vaccine Access Facility, and if the Board approves the proposed loan, I, acting under the authority delegated to me by the Board, approve the administration of the AIIB loan.

2. The additional financing of the Second Health System Enhancement to Address and Limit COVID-19 under the Asia Pacific Vaccine Access Facility (HEAL2-AF) builds on the original project and will expand the Philippines' procurement and deployment of coronavirus disease (COVID-19) vaccines. It will support the government's procurement of at least 40 million additional doses of COVID-19 vaccines for eligible children, and third and booster shots for the wider population.² The HEAL2-AF complements the Asian Development Bank (ADB) Health System Enhancement to Address and Limit COVID-19 (HEAL) project, which supports the government's COVID-19 response.³

II. THE PROJECT

A. Rationale

3. On 11 March 2021, ADB approved a regular loan of \$400 million for HEAL2 to be financed from its ordinary capital resources.⁴ HEAL2 is cofinanced by AIIB with a loan of \$300 million, partially administered by ADB. HEAL2 provided the Government of the Philippines with timely financing for procurement of safe and effective vaccines and related logistics, based on an agreed list of eligible expenditures. In total, with a major change in scope of HEAL (footnote 3), ADB has provided \$425 million for COVID-19 vaccine procurement and deployment.

4. **Performance of the Second Health System Enhancement to Address and Limit COVID-19 project under the Asia Pacific Vaccine Access Facility.** HEAL2 is performing well and is rated *on track* against the following criteria: progress in achieving outputs, contract awards, disbursement, financial risk management, and safeguards compliance.⁵ Against an elapsed time of 18% as of 13 November 2021, cumulative contract awards under the ADB and AIIB loans are \$688.3 million (98% of total financing) and cumulative disbursements are \$567.11 million (81% of total financing). HEAL2 has supported the procurement of 85.6 million doses of vaccines through bilateral agreements, of which 61.19 million doses have been delivered to the country. Out of the \$25 million reallocated for vaccine financing under the first HEAL (footnote 3), \$19.2 million or 77% was utilized as advance payment for Pfizer vaccines; and the remainder was committed for the procurement of micro-syringes, diluent, and mixing syringes also for Pfizer vaccines. The

¹ ADB. [Philippines: Second Health System Enhancement to Address and Limit COVID-19 under the Asia Pacific Vaccine Access Facility](#).

² The Philippine government currently defines eligible children for COVID-19 vaccination as those aged 12-17 years old. Third and booster shots are additional doses of vaccines needed periodically to boost the immune system.

³ ADB. [Philippines: Health System Enhancement to Address and Limit COVID-19](#); and ADB. 2021. [Major Change in Project: Health System Enhancement to Address and Limit COVID-19 in the Philippines](#). Manila. The major change expanded the scope of the first HEAL to reallocate part of the loan proceeds (\$25 million) to vaccine procurement.

⁴ The ADB loan agreement was signed on 19 March 2021 and became effective on 15 April 2021.

⁵ Summary of Project Performance (accessible from the list of linked documents in Appendix 2).

delivery of the expected outputs is rated *successful*. Project covenants, including safeguard covenants, have either been complied with or are being complied with; and the management of project implementation risks, including financial management risks, is rated *successful*.

5. **Modality.** The proposed HEAL2-AF builds on HEAL2 to procure safe and effective COVID-19 vaccines, and will support the government in boosting health security. Additional financing is the most suitable modality, as the proposed HEAL2-AF will scale up the scope of the ongoing project, follow the same design and implementation arrangements, and assist the government in speedy and efficient procurement of additional vaccine doses. HEAL2-AF meets the eligibility criteria for additional financing as it remains technically feasible, economically viable, and financially sound; is a high government priority; and is consistent with HEAL2 development objectives and with the country partnership strategy for the Philippines.⁶

6. **Strategic alignment.** The HEAL2-AF continues to be aligned with the government's strategy to promote high and inclusive growth, and pillar 3 of the country partnership strategy on investing in people. It is also aligned with the following operational priorities of ADB's Strategy 2030: (i) addressing remaining poverty and reducing inequalities, (ii) accelerating progress in gender equality, and (iii) fostering regional cooperation and integration.⁷

Box 1: Snapshot of COVID-19 Vaccinations in the Philippines

1. About 195,000,000 doses procured, of which 121,979,340 doses delivered (as of 13 November 2021).
 - (i) HEAL2 financed 61,192,292 doses or 47.91% of all delivered doses.
 - (ii) National government-procured vaccines (using both budget and multilateral development bank financing) which have been delivered to the country comprise Sinovac (47,600,000 doses), Pfizer (19,094,400 doses), Sputnik (7,195,000 doses), and Moderna (4,734,580 doses).
 - (iii) Donated vaccines delivered to the country are from COVAX, Japan, the United Kingdom, and the United States and comprise Pfizer (14,759,550 doses), AstraZeneca (11,271,640 doses), Janssen (3,240,850 doses), Moderna (3,000,060 doses), Sinopharm (1,100,000 doses), and Sinovac (2,000,000 doses).
 - (iv) Vaccines procured and delivered by the private sector and local governments are AstraZeneca (4,832,000 doses), Moderna (2,251,260 doses), and Sinovac (900,000 doses).
2. Nationally, 39.51% of adults (all those aged 18 and above comprising 70% of the total population) is fully vaccinated, with another 12.27% of adults partly vaccinated (as of 10 November 2021).
 - (i) About 27.66% of the country's total population is fully vaccinated.
 - (ii) In Metro Manila, 91.10% of its adults are fully vaccinated (equivalent to 63.77% of Metro Manila's total population).
 - (iii) Less than 25.00% of adults is fully vaccinated in two regions (Region 5 and the Bangsamoro Autonomous Region of Muslim Mindanao).
3. Only 59.68% of the older persons nationally are fully vaccinated (as of 10 November 2021).
 - (i) 90.13% of the older persons in Metro Manila are fully vaccinated.
 - (ii) 84.75% of the estimated people with comorbidities nationally are fully vaccinated.
4. 1,002,361 doses were administered on 16 November 2021, with a daily average of 845,108 doses in last 7 days.
5. Out of the 66,816,976 total number of doses administered (as of 10 November 2021), 73,490 AEFIs have been reported. Of these, 69,984 were deemed non-serious AEFIs.

AEFI = adverse events after immunization, COVAX = COVID-19 Vaccines Global Access, COVID-19 = coronavirus disease, HEAL2 = Second Health System Enhancement to Address and Limit COVID-19 under the Asia Pacific Vaccine Access Facility.

Source: Department of Health.

⁶ ADB. 2018. [Country Partnership Strategy: Philippines, 2018–2023—High and Inclusive Growth](#). Manila.

⁷ Contribution to Strategy 2030 Operational Priorities (accessible from the list of linked documents in Appendix 2).

7. **Asia Pacific Vaccine Access Facility access criteria.** The Philippines continues to meet all Asia Pacific Vaccine Access Facility (APVAX) access criteria, as shown in Table 1.

Table 1: Compliance with Access Criteria of the Asia Pacific Vaccine Access Facility

Access Criteria	ADB Staff Assessment
Demonstrated adverse impact of COVID-19	The COVID-19 pandemic has severely affected the lives of millions of Filipinos. COVID-19 cases remain significant and continue to threaten the health system. The economic downturn has claimed jobs, adversely affected the poor and vulnerable populations, and aggravated gendered impacts of COVID-19 (paras. 8–11).
Completed needs assessment ^a	The government used VIRAT to inform the preparation of the national vaccine deployment plan. ADB assessments of the vaccine communications, logistics, wastage, private sector involvement, rollout, and VIMS have indicated that the gaps are appropriately identified and addressed.
National vaccination allocation plan ^b	The national allocation and prioritization plan is consistent with WHO SAGE guidance. ^c The government works closely with the WHO country office in refining its allocation and prioritization approaches. It will cover primary and booster doses and include eligible children (paras. 12–14).
Incremental medical waste management plan	A health care waste management system has been established. The DOH contracted a logistics firm for the transport, storage, and disposal of used vaccine vials, syringes, and related waste that cannot be disposed of on-site (para. 40).
Governor's letter	Governor's letter on the HEAL2-AF confirms the government's commitment to continue implementing its National COVID-19 Vaccine Roadmap, including its prioritization plan, and compliance with the APVAX vaccine eligibility criteria.
Established effective development partner coordination mechanism with clear ADB role	The DOH has established an effective development partner coordination mechanism for COVID-19 vaccination. ADB's focus is on vaccine financing and technical assistance in the areas of vaccine communications, logistics, and the implementation of the VIMS (para. 16).

ADB = Asian Development Bank, APVAX = Asia Pacific Vaccine Access Facility, COVID-19 = coronavirus disease, DOH = Department of Health, HEAL2-AF = additional financing of the Second Health System Enhancement to Address and Limit COVID-19 under the Asia Pacific Vaccine Access Facility, SAGE = Strategic Advisory Group of Experts on Immunization, VIMS = vaccine information management system, VIRAT = Vaccine Introduction Readiness Assessment Tool, WHO = World Health Organization.

^a Vaccine Needs Assessment (accessible from the list of linked documents in Appendix 2).

^b Country National Vaccination Prioritization and Allocation Plan (accessible from the list of linked documents in Appendix 2).

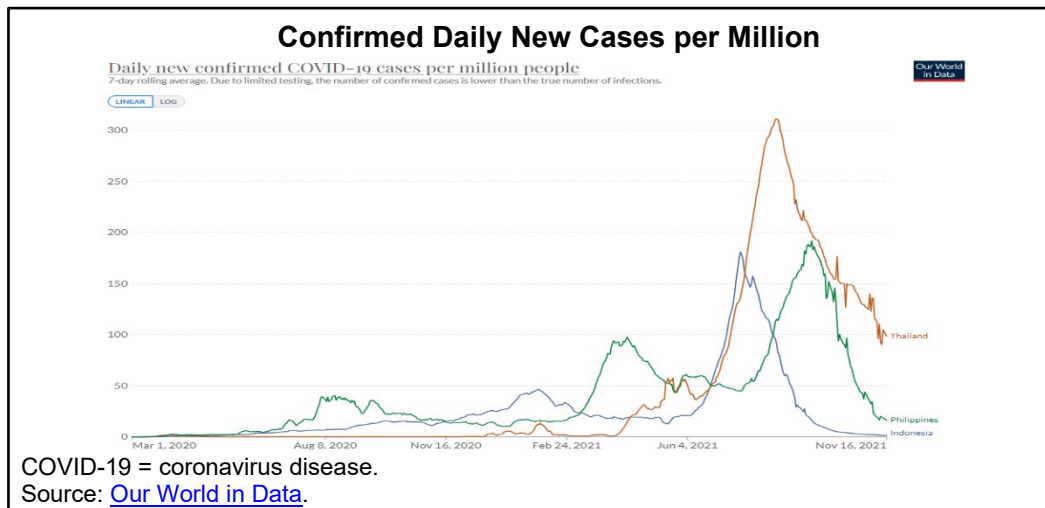
^c SAGE advises WHO on global policies and strategies, including vaccine delivery and its links with other health interventions.

Sources: Department of Health and Asian Development Bank.

8. **Status of the pandemic in the Philippines.** Since the Department of Health (DOH) confirmed local transmission of COVID-19 in March 2020, the number of confirmed cases has significantly increased. The country experienced three spikes in August 2020, March–April 2021, and August–September 2021 (Figure). The third spike was largely driven by the more transmissible Delta variant, resulting in daily new confirmed cases reaching nearly 200 per million in mid-September 2021. However, the daily test positivity rate, the number of positive tests per number of daily tests conducted, which reached 25% in mid-September has now declined to less than 7%. The seven-day rolling average daily new cases per million have decreased to 16.27 on 16 November compared to Indonesia's 1.33 and Thailand's 98.45 (Figure). The cumulative total number of confirmed cases has exceeded 2.8 million as of 16 November 2021.

9. **Impact on the economy and the poor.** After contracting sharply by 9.6% in 2020 and by 4.2% in the first quarter of 2021, the economy registered 11.8% growth in the second quarter of 2021. However, there remain continuing concerns about sustaining the recovery. Unemployment also remains high at 8.1% compared to 5.1% in 2019, with 3.9 million Filipinos unemployed. The average work hours declined sharply from 42.2 hours in 2019 to 35.0 hours in April 2021. The poor and vulnerable Filipinos, employed largely in the informal sector and lower wage occupations, have suffered more serious job losses. The pandemic's employment impact has

disproportionately affected youth and women, with youth unemployment rising from 6.8% in 2019 to 16.0% in August 2021.⁸



10. **Impact on gender.** Gender-based violence, the burden of unpaid care and domestic work, and limited access to sexual and reproductive health provisions are among many gendered impacts of COVID-19 that are increasingly felt more than a year into the pandemic. Before the pandemic, one in four married Filipino women aged 15–49 years reported enduring physical, sexual, and/or emotional violence.⁹ At the onset of COVID-19, every month of quarantine or lockdown generated an estimated additional 12,000 gender-based violence cases, mostly unreported or underreported.¹⁰ The Philippine National Police noted that during lockdowns and quarantines, the Women and Children’s Desks were reported to have processed at least 12 complaints per week—more than twice the number before the COVID-19 pandemic.¹¹

11. **Impact on the health system.** The government has continuously enhanced its capacities for testing, tracing, isolating, and treating COVID-19 cases.¹² The bed capacity of health facilities has increased, especially in hospitals in the National Capital Region.¹³ Despite this, health facilities were overwhelmed by the increased cases from August to September 2021. During this period, COVID-19-dedicated isolation facilities, intensive care units, and ward beds were, on average, at 70% occupancy nationally. The National Capital Region was the most affected, with 67% of isolation beds occupied, 78% of intensive care units full, and 73% ward occupancy.¹⁴

⁸ Government of the Philippines, National Economic and Development Authority. 2021. [Joint Statement of the Duterte Administration’s Economic Managers on the Philippine Economic Performance for the Second Quarter of 2021](#). 10 August; Government of the Philippines, Philippine Statistics Authority. [Labor Force Survey, July 2021](#) (accessed 27 September 2021); and ADB and International Labour Organization. 2020. [Tackling the COVID-19 Youth Employment Crisis in Asia and the Pacific](#). Bangkok and Manila.

⁹ Government of the Philippines, Philippine Statistics Authority. 2018. [One in Four Women Have Ever Experienced Spousal Violence \(Preliminary Results from the 2017 National Demographic and Health Survey\)](#). 26 March.

¹⁰ M. Marquez et al. 2020. [Estimating the Potential Impact of the COVID-19 Pandemic on Key Sexual and Reproductive Health Outcomes in the Philippines](#). Manila: University of the Philippines Population Institute and United Nations Population Fund Philippines Country Office.

¹¹ K. Berse et al. 2021. [The Impact of COVID-19 on Gender-Based Violence in the Philippines: “One of the Most Insidious Consequences of the Pandemic”](#). International Public Policy Observatory. 25 June.

¹² World Health Organization (WHO). 2021. [COVID-19 in the Philippines: Situation Report No. 82](#). Manila.

¹³ Government of the Philippines, DOH. 2021. [DOH Leads Ceremonial Turnover of Quezon Institute Modular Hospital, Continuously Augments NCR Hospital Capacities](#). Press release. 6 April.

¹⁴ Government of the Philippines, DOH. [COVID-19 Tracker](#) (accessed 27 September 2021).

12. **Vaccination status.** In March 2021, the Philippine National Deployment and Vaccination Plan for COVID-19 Vaccines (PNDVP) prioritized vaccinating up to 70 million Filipinos aged 18 years and above before the end of 2021, and all Filipinos by 2023. As of 10 November 2021, the Philippines had fully vaccinated more than 30.49 million people, or 27.66% of the entire population. Another about 9.46 million people have also been partially vaccinated with one dose. About 96.49% of the estimated 1.58 million frontline health care workers and 84.75% of the target population with comorbidities have been fully vaccinated. However, the government needs to scale up the vaccination of older persons, as only 59.68% (90.13% in Metro Manila) of the estimated population aged 60 years and older have been fully vaccinated. The government also needs to ramp up vaccination in two regions (Region 5 and Bangsamoro Autonomous Region of Muslim Mindanao) where local government units (LGUs) have only fully vaccinated less than 25% of their adult population.

13. **Updates on national vaccine procurement, prioritization, and allocation plans.** As of 13 November 2021, about 195 million vaccine doses have been procured through the government's own resources; donations; loans from development partners including ADB, AIIB, and the World Bank; and LGUs and the private sector (Table 2). Out of this, 121,979,340 doses have been delivered to the country. The 195 million doses will be sufficient to vaccinate 77.14 million Filipinos (original target was 70 million), which requires about 154.28 million doses. The remaining 40 million doses can potentially vaccinate the newly eligible population of children aged 12–17 years, estimated at 13 million, provided that the remaining donated vaccines from COVAX are delivered in a timely manner and the current low wastage rate of less than 1% is sustained.¹⁵

Table 2: Philippines: Vaccine Supply Contracts and Donations

Sources of Vaccine Supply	Deliveries as of 13 November 2021	Total Expected Doses
Donations (COVAX and bilateral)	35,372,100	50,123,220 ^a
National government-procured	78,623,980	121,130,000
LGU and private sector-procured	7,983,260	24,121,990
Total	121,979,340	195,375,210

COVAX = COVID-19 Vaccines Global Access, LGU = local government unit.

^a The total number of doses expected from donations assumes that COVAX will fulfil its commitment to deliver around 44 million doses. As of 13 November 2021, around 28.8 million doses have been delivered by COVAX.

Sources: Government of the Philippines, Department of Finance; National Task Force against COVID-19.

14. The uncertainty in vaccine supply delivery continues to raise concerns that the doses contracted will not be adequate to ensure full vaccine security for Filipinos. Specifically, the ongoing spike in COVID-19 cases driven by the Delta variant and concerns over waning vaccine-induced immunity have aggravated those concerns and led the government to adopt a four-pronged approach: (i) accelerate the pace of vaccination, (ii) introduce booster doses, (iii) commence and expedite the vaccination of 12- to 17-year-olds, and (iv) begin the vaccination of children under 12 years old. The government's plan is similar to the plans being pursued by several countries (e.g., India, Malaysia, the United Kingdom, and the United States) to deal with the Delta strain and other possible emerging strains.¹⁶ The government has begun vaccinating 12- to 17-year-olds in October 2021, starting with those who have comorbidities footnote 15). It will adopt policies on booster doses and include children under 12 years of age in its vaccination

¹⁵ Government of the Philippines, DOH. 2021. [Vaccination among Children Aged 12–17 to Start with Comorbidities, as Part of A3 Group](#). Press release. 29 September.

¹⁶ Centers for Disease Control and Prevention. 2021. [CDC Statement on ACIP Booster Recommendations](#). Press release. 24 September; and PBS New Hour. 2021. [UK Recommends COVID-19 Booster Shots for Everyone over 50](#). 14 September.

plan by the end of 2021. To support these measures, the government needs to secure additional vaccine doses to cover the boosters, and eligible children.

15. Financing needs and expenditure program. To ensure adequate financing for additional doses (particularly booster doses and primary for eligible children), the DOH has proposed a budget of ₱45 billion (about \$900 million) for COVID-19 vaccines in 2022 as unprogrammed funds.¹⁷ If this budget request is approved, and external funding is mobilized, the DOH can procure about 81.8 million additional doses (at an average cost of ₱544 per dose) in 2022 to provide booster doses in general for all Filipinos as per the allocation policy. In addition, the doses can be used to vaccinate 12- to 17-year-olds who may not be covered by the currently expected vaccine supply of 195 million doses. They can also be used to vaccinate children under 12 years of age if and when the government authorizes their vaccination.¹⁸

16. Updates on the vaccine information management system. After a delay of nearly two months, the Department of Information and Communications Technology (DICT) launched the vaccine information management system (VIMS) in late April 2021. VIMS has four key parts: (i) the collection and aggregation of master lists of the eligible population for vaccination with the VIMS immunization registry, (ii) Vaccine Operations Reporting System (VORS) which includes capturing aggregate reports of administered vaccine doses and vaccine supply chain management data, (iii) vaccine administration data collected in real time through the DICT vaccine administration system (DVAS) or by the uploading of line lists, and (iv) digital vaccine certificates under VaxCertPH. The DICT aggregates LGUs' vaccination-eligibility master lists in the VIMS immunization registry, but VIMS' delayed launch has resulted in many LGU master lists still to be aggregated. The VIMS supply chain tool communicates vaccine allocation decisions to LGU vaccine administration sites. Cities and provinces submit aggregated data through VORS, and individual-level vaccine administration data, either by uploading them directly or through DVAS. While 100% of aggregated data from LGUs have been submitted directly to VORS, uploading of individual-level records need to catch up as only around of 83% of individual records have been uploaded in the VIMS database as of 25 October 2021. In addition to the VIMS, the government uses Vigiflow to track adverse events after immunization with the COVID-19 vaccine.¹⁹

17. Updates on national and local government unit coordination. The National Task Force against COVID-19 (NTF) leads overall COVID-19 vaccination allocation and distribution coordination. The NTF holds daily allocation meetings with stakeholders from all LGUs; the DOH; the private sector; related working teams (including the track and trace teams of DOH Centers of Health Development, and DICT inventory reporting teams); and other stakeholders, including ADB. The daily meetings focus on vaccine performance and ensuring immediate responses to vaccine stock shortages in LGUs. To increase the number of doses administered by LGUs, the NTF, DOH, and the Department of the Interior and Local Government have intensified monitoring of LGUs that could not meet vaccine administration targets. Administrative sanctions that may be imposed, if warranted, on officials of poorly performing LGUs, have been prepared. They also continue to harness the private sector to supplement LGU vaccine administration.

¹⁷ Such funds represent budget line items that need to be financed from external resources, such as loans from ADB and other multilateral development banks, or government revenues generated beyond those projected for 2022.

¹⁸ If the government decides that booster shots will be provided with the same vaccine(s) as the original shots, then it needs to procure all seven vaccines that have been administered to Filipinos. If booster shots may be provided with different types of vaccines, the government may procure only two or three types of vaccines as booster shots.

¹⁹ Vigiflow is a web-based data management system for individual case safety reports, supported by Uppsala Monitoring Centre, an independent non-profit foundation endorsed by WHO. The government has been using Vigiflow to trace adverse events from all types of vaccinations since pre-COVID-19.

18. **Updates on vaccine supply and logistics.** The DOH has established a robust process to ensure the safety, efficiency, and quality of vaccines from the point of manufacture to pre-shipment; arrival; delivery; inspection and acceptance at the warehouse and cold storage facility, and vaccination sites; and final disposal of vaccine vials and immunization wastes. Upon arrival in the country, the vaccines are initially shipped to DOH-managed or contracted third-party private warehouses and then forwarded to DOH regional warehouses or directly to LGU-approved vaccination sites or LGU-contracted third-party private warehouses. The DOH and NTF are increasing their visibility of the daily vaccine inventories across provinces, cities, and municipalities to ensure continued vaccine availability in LGUs.

19. **Updates on vaccine communication.** The DOH launched the COVID-19 communications campaign (*Resbakuna*) to promote vaccine acceptance; address vaccine hesitancy; and communicate vaccine-related information, including potential adverse events, vaccine efficacy, and the eligibility of target population groups. Audience segmentation is carried out following demographic and programmatic variables including prioritization, which in turn informs the messaging and production of communication materials. To ensure maximum coverage, both above-the-line (i.e., TV, radio, print, and digital) and below-the-line (i.e., town hall and community meetings) communication channels are used. Population surveys, social listening, regular stakeholder consultations, and specially commissioned research are used to monitor campaign performance. National surveys tracking public sentiment toward COVID-19 vaccination have shown an increasing trend in vaccine acceptance. In the latest Social Weather Station's survey of September 2021, respondents who would refuse COVID-19 vaccines (18%) or remain undecided (18%) cited safety as the most common concern.²⁰ Other concerns are on the effectiveness of vaccines and the belief that vaccinations are not needed against COVID-19. Refusal of vaccination is highest in Visayas and Mindanao, and among non-elementary school graduates. The DOH will continue to address concerns on vaccine safety and effectiveness.

20. **Lessons learned.** Key lessons from HEAL2 and the Philippines' national vaccination implementation are as follows: (i) adopt an agile approach to vaccine communication and health promotion including the use of behavioral science in designing interventions; (ii) ensure adequate upfront planning for building up local government readiness; (iii) strengthen institutional arrangements and organizational capacities in DOH and other national agencies given the fast pace of vaccine deployment and administration; (iv) build effective coordination mechanisms between national and local governments and the private sector; and (v) ensure accurate vaccine information management and reporting systems, and access to up-to-date dashboards which are crucial to efficient and accountable vaccine deployment and administration.²¹

21. **Updates on development partner coordination and ADB's role.** The DOH's Bureau of International Health Cooperation organizes monthly health partners' meetings such as with the World Health Organization (WHO), the United Nations Children's Fund (UNICEF), ADB, AIIB, the World Bank, Japan International Cooperation Agency, the United States Agency for International Development (USAID), the Australian Government Department of Foreign Affairs and Trade, and Export-Import Bank of Korea. These meetings facilitate effective coordination on various aspects of accessing and delivering safe and effective COVID-19 vaccines. In addition, USAID coordinates weekly technical meetings on the Philippines' COVID-19 response, including vaccine rollout (logistics, information, and communication), among USAID, ADB, WHO, and the UNICEF. ADB, AIIB, and the World Bank meet biweekly to coordinate vaccine financing and procurement

²⁰ Social Weather Stations is a private nonprofit social research institution. <https://www.sws.org.ph/>.

²¹ Vaccine Needs Assessment (accessible from the list of linked documents in Appendix 2).

issues. ADB continues to play a key role in vaccine financing and technical assistance (TA) in critical areas such as vaccine communications, logistics, and VIMS implementation.²²

22. **Government request for additional financing.** The government has requested ADB to expand its COVID-19 vaccination support program through additional financing of the ongoing HEAL2 to increase the procurement of safe and effective COVID-19 vaccines, related ancillaries, and logistics. The additional financing requested is \$500 million—\$250 million from ADB and \$250 million from AIIB. The government has also requested additional financing in the amount of \$300 million from the World Bank, through its ongoing project for vaccine procurement.²³ As vaccine supply in the global market is still scarce, the government has begun negotiations with vaccine suppliers and plans to sign contracts and make advance payments by the end of 2021. This will allow the government to secure additional COVID-19 vaccine supply for 2022.

B. Project Description

23. **Impact and outcome.** The impact and outcome of the project will remain unchanged from the ongoing HEAL2. This is because the additional financing will be used for procurement of additional doses for booster shots and primary doses for eligible children.

24. **Output: COVID-19 vaccines efficiently and effectively delivered.** The HEAL2-AF will support the procurement of safe and effective vaccines against COVID-19 through APVAX following ADB's vaccine eligibility criteria. It will also finance related ancillaries and logistics. Output performance indicator 1a will be adjusted to "at least 150 million doses²⁴ of COVID-19 vaccines procured and delivered to the country by 2024". This assumes that the HEAL2-AF will provide at least 40 million additional doses of vaccines, which will be administered by 2024 based on identified priority populations. The eligible vaccines will be procured primarily through bilateral arrangements with vaccine manufacturers or distributors. Procurement through the COVID-19 Vaccines Global Access (COVAX) facility will be considered once it makes vaccine doses for booster shots available. With ongoing TA,²⁵ ADB will continue to support the VIMS and the DOH's communication management and help develop and disseminate a gender- and socially inclusive protocol to support last-mile vaccine outreach to marginalized older persons, adolescents, women, and women in especially difficult circumstances (WEDC).²⁶

C. Value Added by ADB

25. In addition to COVID-19 vaccine financing, ADB will continue providing critical support to enhance the DOH's vaccine communications and health promotion strategies, and the NTF's vaccination-related messages during the HEAL2-AF implementation period. It is providing vaccine logistics experts to support vaccine supply planning and allocation decision-making, as well as cold chain system strengthening. ADB has also supported health information systems

²² Sector Assessment (Summary): Vaccines (accessible from the list of linked documents in Appendix 2).

²³ World Bank. [Philippines COVID-19 Emergency Response Project](#). This would be the World Bank's second additional financing of its ongoing COVID-19 emergency response project. The World Bank board is expected to consider the second additional financing by mid-December 2021.

²⁴ This includes 44 million doses from the COVID-19 Vaccines Global Access (COVAX) facility, 66 million doses from bilateral agreements under the original HEAL2, and at least 40 million doses from the proposed additional financing.

²⁵ ADB. 2020. [Technical Assistance for Regional Support to Address the Outbreak of Coronavirus Disease 2019 and Potential Outbreaks of Other Communicable Diseases](#); ADB. 2015. [Philippines Social Protection Support Project \(Additional Financing\) Attached Technical Assistance](#) (expanded to a TA facility in November 2018 and renamed Strengthening Social Protection, Education, and Health Reforms Facility); and ADB. 2019. [Technical Assistance for Support for Human and Social Development in Southeast Asia](#). Manila.

²⁶ The revised design and monitoring framework is in Appendix 1.

interoperability, integrating the VIMS with LGU and private sector health information systems. Further, ADB is providing technical advice to improve vaccine-related health financing and service delivery policies, monitoring, and evaluation; and the implementation of health security measures such as disease surveillance and regional data sharing. It is also providing TA to facilitate sharing of best practices in vaccine deployment, vaccine information systems, vaccine communications, and other vaccination-related interventions from other countries in Southeast Asia.²⁷ Under the first HEAL, ADB is financing investment in health infrastructure that complements vaccination, such as laboratories and isolation facilities (footnote 3). The Build Universal Health Care Program is supporting reforms to strengthen the different health system functions, including those related to vaccine deployment, such as interoperable health information systems, an increased number of health workers, and strengthened primary care and health promotion.²⁸

Box 2: Key Features of HEAL2 Additional Financing

1. Building on HEAL2's good performance, enable the government to rapidly secure additional vaccine supply contracts that will boost overall health security for all Filipinos, and thereby facilitate economic recovery.
2. Increase the vaccine security of the Philippines, given concerns over the emerging variants of the COVID-19 virus and with more than 98% of the HEAL2 resources already committed.
3. Finance the purchase of (i) booster shots to reduce risks for vulnerable segments of the population already vaccinated, (ii) vaccine doses for 12- to 17-year-olds, and (iii) vaccine doses for children under 12 years of age.
4. Help the government accelerate the pace of vaccination, through timely availability of data via the VIMS, improved logistics and supply chains, and enhanced vaccine communications.
5. Enhance coordination between national and local governments and harnessing of the private sector.
6. Sustain the implementation of vaccine waste management plans.

COVID-19 = coronavirus disease, HEAL2 = Second Health System Enhancement to Address and Limit COVID-19 under the Asia Pacific Vaccine Facility, VIMS = vaccine information management system.

Sources: Department of Health and Asian Development Bank.

D. Summary Cost Estimates and Financing Plan

26. The overall project is estimated to cost \$1,313.54 million (Table 3). The HEAL2-AF is estimated to cost \$549.37 million. ADB will finance expenditures in relation to the procurement of COVID-19 vaccines that meet the APVAX eligibility criteria.

Table 3: Summary Cost Estimates
(\$ million)

Item	Current Amount ^a	Additional Financing ^b	Total
A. Base Cost ^c			
COVID-19 vaccines efficiently and effectively delivered	714.57	511.64	1,226.21
B. Contingencies ^d	37.50	30.00	67.50
C. Financial Charges During Implementation ^e	12.10	7.73	19.85
Total (A+B+C)	764.17	549.37	1,313.54

COVID-19 = coronavirus disease.

^a Refers to the original loan amount.

^b Inclusive of taxes and duties of \$4.46 million to be financed by the government. Such amount does not represent an excessive share of the project cost. The government will finance all taxes and duties for COVID-19 vaccines through tax exemption, and its estimated amount is not included in the project cost.

²⁷ ADB. 2021. [Technical Assistance for Supporting Enhanced COVID-19 Vaccination and Post-COVID-19 Health Security Response in Southeast Asia](#). Manila.

²⁸ ADB. 2021. *Build Universal Health Care Program*. Manila.

^c In September 2021 prices.

^d Includes physical and price contingencies and a provision for exchange rate fluctuation.

^e Includes interest, commitment, and other charges on all sources of financing.

Source: Asian Development Bank.

27. The government has requested a regular loan of \$250 million from ADB's ordinary capital resources to help finance the project.²⁹ The loan will have a 29-year term, including a grace period of 8.5 years; an annual interest rate determined in accordance with ADB's London interbank offered rate-based lending facility; a commitment charge of 0.15% per year, and such other terms and conditions set forth in the draft loan agreement. Based on the straight-line method, the average loan maturity is 19 years, and the maturity premium payable to ADB is 0.20% per annum. The government has made its independent decision to borrow under ADB's LIBOR-based lending facility and has given an undertaking that this was not made on the basis of any advice from ADB.

28. The government has also requested a loan of \$250 million from AIIB. The AIIB loan, which is expected to be approved after the approval of the ADB loan, will be partially administered by ADB. The AIIB loan will jointly cofinance supply contracts for vaccines that meet the eligibility criteria under the APVAX.³⁰ The AIIB loan's terms and conditions will be described in the loan agreement between AIIB and the government.³¹ Before the effectiveness of the AIIB loan, the government may request advances from the ADB loan proceeds. Subsequent disbursements following AIIB loan effectiveness will be prorated.

29. The government will contribute \$49.37 million, or 8.99% of the total project cost, to cover \$7.73 million of loan interest and charges and \$41.64 million for other vaccine administration costs, including injection devices, vaccine transportation, storage, waste disposal, information management, and vaccine communication. The summary financing plan is in Table 4.

Table 4: Summary Financing Plan
(\$ million)

Item	Current ^a		Additional Financing		Total	
	Amount	Share of Total (%)	Amount	Share of Total (%)	Amount	Share of Total (%)
Asian Development Bank						
Ordinary capital resources (APVAX PIC loan)	400.00	52.34	250.00	45.51	650.00	49.48
Asian Infrastructure Investment Bank ^b	300.00	39.26	250.00	45.51	550.00	41.87
Government	64.17	8.40	49.37	8.99	113.54	8.64
Total	764.17	100.00	549.37	100.00	1,313.54	100.00

APVAX = Asia Pacific Vaccine Access Facility, PIC = project investment component.

^a Refers to the original loan amount.

^b Administration fees and other charges may be deducted pursuant to the cofinancing agreement between the Asian Development Bank and the Asian Infrastructure Investment Bank.

Source: Asian Development Bank.

30. Detailed cost estimates by expenditure category and by financier are included in the project administration manual (PAM).³² ADB financial assistance of \$650 million for vaccine procurement totals 0.35% of the outstanding debt stock of \$188 billion during 2020, while AIIB assistance of \$550 million totals 0.29%. This will not significantly affect the public debt–gross

²⁹ Consistent with the [Second Amendment to ADB's Support to Enhance COVID-19 Vaccine Access](#), the additional financing will be provided under the project investment component terms and conditions.

³⁰ ADB. 2021. [Proposed Amendment to ADB's Support to Enhance COVID-19 Vaccine Access](#). Manila. The eligibility of vaccines for APVAX financing will adhere to the criteria stated in para. 8 of the APVAX policy.

³¹ AIIB. 2019. [Sovereign-Backed Loan](#). Beijing.

³² Project Administration Manual (accessible from the list of linked documents in [Appendix 2](#)).

domestic product (GDP) ratio and annual debt service obligations. The International Monetary Fund's debt sustainability analysis concludes that even with the additional loans, the debt–GDP ratio will remain sustainable.³³ In the baseline scenario, with an increase in pandemic-related spending, a large fiscal deficit, and a contraction in GDP, the public debt–GDP ratio can surge by 15 percentage points from 37.0% in 2019 to 51.9% in 2020 and can peak at about 62.0% in 2024. However, with a reduction in the budget deficit and economic recovery in subsequent years, the public debt–GDP ratio is expected to decline gradually to 61.0% by 2025.

E. Implementation Arrangements

31. The DOH will continue to be the executing agency. The project management team for the ongoing project will also be responsible for implementing the additional financing. Procurement will follow the simplified and expedient procedures permitted under the ADB Procurement Policy (2017, as amended from time to time) and the Procurement Regulations for ADB Borrowers (2017, as amended from time to time). Consistent with the APVAX policy, ADB member country eligibility restrictions will be waived, and universal procurement will apply. Most of the vaccine procurement will be jointly cofinanced with AIIB, but some may be financed exclusively by ADB before AIIB loan's effectivity. ADB will be the lead cofinancier, and its procurement policy will apply to all procurement. The DOH will directly negotiate with vaccine manufacturers to agree on bilateral contracts. Before being confirmed as an eligible expenditure under the loans, ADB will review the vaccine eligibility criteria and all bilateral vaccine agreements to ensure that the terms are acceptable to ADB. Procurement of a portion of the vaccines will be considered through the COVAX facility. COVAX facility-provided vaccines are eligible under APVAX. In implementation, ADB will closely coordinate with all other relevant development partners. The implementation arrangements are summarized in Table 5 and detailed in the PAM (footnote 32).

Table 5: Implementation Arrangements

Aspects	Arrangements		
Implementation period	January 2022–March 2024		
Estimated completion date	31 March 2024		
Estimated loan closing date	30 September 2024		
Management			
(i) Oversight body	Department of Finance		
(ii) Executing agency and Implementing agency	DOH		
(iv) Implementation unit	DOH project management team		
Procurement	Direct contracting	Multiple contracts	\$456.8 million
	Request for quotations	Multiple contracts	\$43.2 million
Retroactive financing and/or advance contracting	ADB and the government will agree on the retroactive financing percentage (up to 30%) based on the needs. Any advance financing and retroactive financing will be subject to the vaccine eligibility criteria and other requirements under the Asia Pacific Vaccine Access Facility being fully met. Withdrawals from the loan account may be made for (i) advance financing for up to 6 months of estimated eligible expenditures, and (ii) eligible expenditures in relation to vaccine procurement incurred before loan effectiveness but not more than 12 months before the signing of the loan agreement, equivalent to a maximum of 30% of the respective loan amount.		
Disbursement	Disbursement of the ADB and AIIB loan proceeds will follow ADB's <i>Loan Disbursement Handbook</i> (2017, as amended from time to time) and detailed arrangements agreed between the government, ADB, and AIIB.		

ADB = Asian Development Bank, AIIB = Asian Infrastructure Investment Bank, DOH = Department of Health.

Source: Asian Development Bank.

³³ International Monetary Fund. Article IV. 2021. [Philippines: 2021 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Philippines](#). Washington, DC.

III. DUE DILIGENCE

A. Economic Viability

32. The COVID-19 pandemic is both a health and a social and economic crisis, causing increases in morbidity and mortality, significant disruptions in human capital development, and major economic downturns. The containment measures put in place to restrain the spread of the virus have restricted economic activities and resulted in an economy-wide slowdown in investment and international trade. A comprehensive COVID-19 vaccination program is regarded as the most cost-effective public health intervention in reducing morbidity and mortality.³⁴ The HEAL2-AF will support the government and the PNDVP in procuring at least 40 million additional doses of COVID-19 vaccines.³⁵ While measurement uncertainties exist, the magnitude of economic gains of high coverage and high-speed COVID-19 vaccination programs is expected to be enormous and far exceed any cost.³⁶ The available COVID-19 vaccines have proven to be relatively effective against severe cases and deaths, with indicative efficacy against severe cases of 77%–95%.³⁷ Achieving PNDVP targets will avert significant productivity losses from morbidity and mortality and will reduce the pressure on many health facilities. The health gains will become economic gains as the country resumes its economic and social activities.

B. Sustainability

33. Financial sustainability analysis is not applicable as this project will not create assets that will require operation and maintenance.

C. Governance

34. The financial management assessment conducted for the HEAL2 in January 2021 was updated for the HEAL2-AF in September 2021. The overall pre-mitigation financial management risk is downgraded from *high* to *substantial*. Under the HEAL2, the following key mitigating measures have either been completed or are being implemented: (i) assessing LGUs' capacity to oversee vaccine deployment before distribution; (ii) setting up an asset register of cold chain facilities; (iii) engaging a third-party logistics provider; (iv) formulating a contingency plan for funding; (v) updating inventory management protocols; and (vi) having the Commission on Audit conduct performance, financial, and compliance audits with ADB assistance. While efforts are mitigating the risks associated with vaccine distribution and administration including inventory management system, the pre-mitigation financial management risk remains *substantial* for the HEAL2-AF, due to the scale and complexity of the project and the fact that more than 70% of the population remain not fully vaccinated.

35. The DOH's overall procurement capacity is limited. It continues to face unprecedented demand placed by the response to the COVID-19 pandemic, which is straining its capacity. Its knowledge and experience in applying ADB procurement policies and regulations remain limited as the first HEAL began only in 2020. For vaccine procurement, it continues to be supported by the NTF. Even with this support and the considerable experience gained from negotiating with

³⁴ N. Laurie et al. 2020. [Developing COVID-19 Vaccines at Pandemic Speed](#). *The New England Journal of Medicine*. 382. pp. 1969–1973.

³⁵ This assumes the price of \$11 per dose for the \$500 million, comprising ADB loan and AIIB loan of \$250 million each.

³⁶ M. Kohli et al. 2021. [The Potential Public Health and Economic Value of a Hypothetical COVID-19 Vaccine in the United States: Use of Cost-Effectiveness Modeling to Inform Vaccination Prioritization](#). Vol. 39 (7). pp.1157–1164.

³⁷ T. Harder et al. 2021. [Efficacy and Effectiveness of COVID-19 Vaccines against SARS-CoV-2 Infection: Interim Results of a Living Systematic Review, 1 January to 14 May 2021](#). *Eurosurveillance*. 26 (28).

vaccine suppliers under the HEAL2, the DOH will still require assistance—especially considering the volatility of, and lack of leverage in, global supply markets for COVID-19 vaccines. ADB will continue assisting the DOH in vaccine procurement by providing advice on the market and associated procurement-related risks, reviewing contracts under bilateral agreements, supporting with price validation, and assisting in preparations for negotiations with vaccine manufacturers.

36. The updated Good Governance and Anti-Corruption Cluster Plan, 2013–2016 includes improved anticorruption measures as one of four priority outcomes. Sub-outcomes include greater accountability of public servants and intensified efforts to prevent smuggling and tax evasion. The Commission on Audit developed a website to serve as a repository of project reports, cluster updates, and other publications and related documents. As a result of the government's anticorruption efforts, the Philippines placed 115th out of 180 economies in Transparency International's 2020 Corruption Perception Index. Given citizens' increasing expectation of improved governance, the anticorruption mechanism needs to be strengthened. The Philippines' integrity and governance risks have been considered in the risk assessment and risk management plan.³⁸ ADB's Anticorruption Policy (1998, as amended to date) was explained to and discussed with the executing and implementing agencies.

D. Poverty, Social, and Gender

37. **Poverty and social.** ADB had estimated that, without substantial financial support to the poor and near poor families, the poverty rate could increase to 20.7% in 2020 from 16.7% in 2018, as a result of the pandemic's effects on incomes.³⁹ The Philippine Institute for Development Studies had estimated that 1.4 million families, or 7.5 million individuals, will become poor because of the pandemic's impact. The implementation of the social amelioration program has mitigated the poverty impacts and reduced the number of families expected to become poor to 0.4 million families or 2.8 million individuals.⁴⁰ The planned reopening of schools (partly due to vaccination) will also reduce the productivity losses from the lack of face-to-face schooling.

38. **Gender.** The HEAL2-AF is categorized *effective gender mainstreaming*. The HEAL2 gender action plan will remain in effect as the HEAL2-AF will support last-mile vaccine outreach to WEDC and people in geographically isolated and disadvantaged areas. The HEAL2-AF will continue to support the gender- and socially inclusive protocols and dissemination plan, as well as the communication and messaging initiatives and consultations. Under the HEAL2, the government has approved and begun implementing a prioritization framework on COVID-19 vaccine centers, with consideration for pregnant women and the poor. With the prioritization framework, complemented by ADB TA on developing vaccine communication strategies (footnote 35), the coverage of inoculated pregnant women and the poor will increase, and the development and dissemination of the gender- and socially inclusive protocol for marginalized older persons, adolescents, WEDC, and geographically isolated and disadvantaged areas will be accelerated.

E. Safeguards

39. In compliance with ADB's Safeguard Policy Statement (2009), the project's safeguard categories are as follows.⁴¹

³⁸ Risk Assessment and Risk Management Plan (accessible from the list of linked documents in [Appendix 2](#)).

³⁹ ADB. [Philippines: COVID-19 Active Response and Expenditure Support Program](#).

⁴⁰ C. Reyes et al. 2020. [Mitigating the Impact of COVID-19 Pandemic on Poverty](#). Discussion Paper Series. No. 2020-22. Manila: Philippine Institute for Development Studies.

⁴¹ ADB. [Safeguard Categories](#).

40. **Environment (category C).** The HEAL2-AF will support the procurement of additional vaccines and will not entail civil works or other activities with potential for significant adverse impacts on the environment. The distribution and use of COVID-19 vaccines will result in a temporary increase in immunization waste generation.⁴² An immunization waste management system is in place, consistent with regulatory requirements, and is considered satisfactory to address risks to occupational and community health and safety.⁴³ Used vaccine vials, syringes, and related waste are either treated and disposed of on-site following procedures defined in the DOH Health Care Waste Management Manual; or collected by a licensed third-party reverse logistics firm contracted by the DOH for off-site treatment and disposal.⁴⁴ The movement of immunization waste off-site through the existing Hazardous Waste Manifest System complies with licensing, reporting, and monitoring rules. The DOH has established and is implementing a monitoring framework to verify compliance with immunization waste management requirements.

41. **Involuntary resettlement (category C).** The HEAL2-AF will not require any land acquisition or lead to any resettlement impacts.

42. **Indigenous peoples (category C).** The HEAL2-AF is not expected to have any direct or indirect impacts on the dignity, human rights, livelihood systems, or culture of indigenous peoples, or the territories or natural or cultural resources that indigenous peoples own, use, occupy, or claim as an ancestral domain or asset.

F. Summary of Risk Assessment and Risk Management Plan

43. Significant risks and mitigating measures are summarized in Table 6 and described in detail in the risk assessment and risk management plan (footnote 38). ADB will continue to work with the DOH, NTF, other development partners, and civil society organizations in monitoring the rollout of the vaccination and mitigation measures.

Table 6: Summary of Risks and Mitigating Measures

Risks	Mitigation Measures
Country-specific. Rising infection and community transmission with more transmissible coronavirus variants (Delta and other future variants) in the country.	The government will accelerate vaccinations by expanding the target population, introducing additional or booster vaccine doses, enforcing consistent public health surveillance, implementing NPIs, and strengthening genomic surveillance.
Sector-specific. The need to focus on accelerating COVID-19 vaccinations has weakened LGUs' capacity to provide non-COVID-19 health services. Ensuring the timely delivery of vaccines including boosters to priority populations remains a challenge.	The DOH will continue to strengthen the country's health system with development partners such as the World Health Organization, UNICEF, ADB, and the World Bank. It will work more closely with LGUs in ensuring the sustained delivery of essential health services. The DOH has developed strong communication and health promotion campaigns including for routine immunization. The advice of the Health Technology Assessment Council and vaccine expert panel on booster shots is expected to consider LGU capacity.
Limited DOH capacity to oversee financial management arrangements effectively while ensuring fiduciary controls and timely reporting.	The DOH has engaged a financial management consultant to support its financial reporting. ADB will provide training to DOH finance staff on financial management and disbursements.
Project-specific. Vaccine hesitancy, particularly among the poor and vulnerable	The DOH will continue to improve the design and implementation of its COVID-19 demand and risk communication plan. It will engage

⁴² Due Diligence on the Philippine COVID-19 Immunization Waste Management Plan and Arrangements (Update from HEAL2) (accessible from the list of linked documents in Appendix 2).

⁴³ This includes the DOH Department Circular 2020-0191 on the Healthcare Waste Management Manual (4th edition), the DOH Memorandum 2021-0031 on the Interim Guidelines on the Management of Health Care Wastes Generation from COVID-19 Vaccination, and Republic Act No. 6969 (Toxic Substances and Hazardous and Nuclear Wastes Control Act) and its implementing rules and regulations.

⁴⁴ DOH Memorandum 2021-0030 on Reverse Logistics Commissioned to Integrated Waste Management Incorporated.

Risks	Mitigation Measures
populations (e.g., older persons) is exacerbated by inaccurate social media reporting on the side effects.	more intensively with doctors and health workers to generate willingness for COVID-19 vaccination. It will also strengthen the COVID-19 call center and “1555” hotline.
Challenges in ensuring good governance and weaknesses in the inventory management system may result in vaccines unused past their expiry dates, and the vaccines and ancillary goods and supplies being lost, damaged, or misappropriated.	The Commission on Audit will conduct a performance or compliance audit covering accountability and transparency. The Department of Finance will ensure project oversight to prevent and mitigate corruption risks. The DOH will access and check the ADB sanctions list to ensure the eligibility of potential contractors, consultants, and other suppliers. ADB TA will increase awareness and compliance of DOH to ADB’s Anticorruption Policy (1998, as amended to date).

ADB = Asian Development Bank, COVID-19 = coronavirus disease, DOH = Department of Health, LGU = local government unit, NPI = non-pharmaceutical intervention, TA = technical assistance, UNICEF = United Nations Children’s Fund.

Source: Asian Development Bank.

IV. ASSURANCES AND CONDITIONS

44. The government has assured ADB that implementation of the HEAL2-AF shall conform to all applicable ADB requirements, including those concerning anticorruption measures, safeguards, gender, procurement, consulting services, financial management, and disbursement, as described in detail in the PAM and loan documents. The government has agreed with ADB on certain covenants for the HEAL2-AF, which are set forth in the draft loan agreement.

45. No withdrawals shall be made from the loan account for (i) financing an advance payment for a contract to supply eligible vaccines until ADB has received a letter from the government confirming (a) which COVID-19 vaccine(s) have been selected to be procured using the proceeds of the loan; (b) which of the eligibility criteria in the definition of eligible vaccine has been satisfied in respect of the COVID-19 vaccine(s) to be procured (footnote 30); and based on the information provided in the aforementioned letter, ADB has notified the government that the COVID-19 vaccine to be procured meets ADB’s eligibility criteria; and (ii) financing a contract to supply eligible vaccines until ADB has received a letter from the government confirming that in addition to (a) and (b) above, the eligible vaccines have received all necessary authorizations of the government and have been authorized by the Food and Drug Administration of the Philippines and other relevant regulatory authorities for distribution and administration within the country; and based on the information provided in the aforementioned letter, ADB has notified the government that the COVID-19 vaccines to be procured are eligible vaccines.

V. RECOMMENDATION

46. I am satisfied that the proposed loan would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve the loan of \$250,000,000 to the Republic of the Philippines for the additional financing of the Second Health System Enhancement to Address and Limit COVID-19 under the Asia Pacific Vaccine Access Facility, from ADB’s ordinary capital resources, in regular terms, with interest to be determined in accordance with ADB’s London interbank offered rate (LIBOR)-based lending facility; a term of 29 years, including a grace period of up to 8.5 years; and such other terms and conditions as are substantially in accordance with those set forth in the draft loan agreement presented to the Board.

Masatsugu Asakawa
President

22 November 2021

REVISED DESIGN AND MONITORING FRAMEWORK

The revised design and monitoring framework strikes out content for deletion and underlines content to be added.

Impacts the Project is Aligned with Health system performance in addressing public health outbreaks improved (National Objectives for Health, Philippines 2017–2022) ^a Protection of the public and reduction of COVID-19-related morbidity and mortality fostered (National COVID-19 Vaccine Roadmap) ^b Economic growth and citizens' confidence restored (ADB's Support to Enhance COVID-19 Vaccine) ^c			
Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
Outcome Priority populations ^d vaccinated against COVID-19	By 2024: a. Up to 50 million <u>At least 140 million</u> Filipinos ^e (43.8% of the total population) vaccinated against COVID-19 (2021 baseline: 0) <i>[disaggregated by gender, age, and priority group]</i> (OP1.1; OP1.3)	a. DOH COVID-19 vaccination coverage report; WHO and UNICEF immunization estimates; ADB project monitoring and progress report.	R: Political pressure shifts priority populations to different target groups at national and local levels. A: Adequate and effective campaign and delivery system ensure that priority populations are willing to get vaccinated.
Output 1. COVID-19 vaccines efficiently and effectively delivered	By 2024: 1a. Up to 140 million <u>At least 150 million</u> ^f doses of COVID-19 vaccines procured and delivered to the country (2020 baseline: 0) (OP1.1.2) (Under TA Facility) ^g 1b. VIMS launched (providing data disaggregated by gender, age, and priority group) (2020 baseline: not applicable) (OP7.3.3) 1c. Gender- and socially inclusive protocol and guidelines on the deployment and administration of vaccines, addressing the specific needs of marginalized women and women in especially difficult circumstances, developed, approved, and disseminated ^h (2020 baseline: not applicable) (OP2.3.2)	1a–1c. DOH updates, project survey and project progress report, data from VIMS.	R: Limited vaccine suppliers' capacity to meet global demand, including commitments to the Philippines, lead to delays in vaccine delivery. A: Vaccine doses are delivered with required cold storage (both cross-country and in-country), thereby maintaining quality and efficacy against COVID-19.
Key Activities with Milestones COVID-19 vaccines efficiently and effectively delivered 1. Finalize national COVID-19 vaccine deployment plan (Q1–Q2 2021) (<u>completed</u>) 2. Develop end-to-end logistical arrangements (cross-country and in-country shipping), transportation, and delivery of vaccines from point of manufacture to designated central and/or regional hub or storage facility (Q1–Q3 2021) (<u>completed</u>)			

<ol style="list-style-type: none"> 3. Develop COVID-19 vaccination delivery system, including operational plans relating to safeguards and medical waste management (Q1–Q3 2021) (<u>completed</u>) 4. Set up central and regional cold chain system and storage facilities that meet temperature and equipment requirements (Q1 2021–Q2 2022) 5. Update effective vaccine management protocols and procedures for COVID-19 vaccination and national immunization programs (Q1–Q4 2021) 6. Develop, approve, and disseminate gender- and socially inclusive protocol (Q2 2021–Q4 2022) 7. Procure the required number of vaccine doses for ADB financing and AIIB cofinancing (Q1 2021–Q3 2023)
Project Management Activities Conduct procurement value-for-money analysis and post-review sampling. Prepare and submit quarterly and annual progress reports. Submit annual audited project financial statement. Prepare project completion report.
Inputs ADB: \$400,000,000 650 million (\$250 million additional) (loan) and \$500,000 (TA) ^g AIIB: \$300,000,000 550 million (\$250 million additional) (loan) Government: \$64,170,000 117.83 million (\$49.37 million additional)

A = assumption, ADB = Asian Development Bank, AIIB = Asian Infrastructure Investment Bank, COVID-19 = coronavirus disease, DOH = Department of Health, OP = operational priority, Q = quarter, R = risk, TA = technical assistance, UNICEF = United Nations Children's Fund, VIMS = vaccine information management system, WHO = World Health Organization.

^a Government of the Philippines, DOH. 2020. [National Objectives for Health: Philippines, 2017–2022](#). Manila.

^b Government of the Philippines. 2020 [National COVID-19 Vaccine Roadmap](#). Manila; Government of the Philippines, DOH. 2021. [DOH Strategic Plan for COVID-19](#). Manila; and Government of the Philippines, DOH. 2021. [The Philippine National Deployment and Vaccination Plan for COVID-19 Vaccines](#). Manila.

^c ADB. 2020. [ADB's Support to Enhance COVID-19 Vaccine Access](#). Manila.

^d The government has set target groups and prioritized eligible populations for the vaccination program in line with the WHO Strategic Advisory Group of Experts on Immunization (SAGE) and its values framework for the allocation and prioritization of COVID-19 vaccination, and the Philippines' country context. Group A (estimated at 24.7 million or 23% of the total population), the first target group, prioritizes frontline health workers, indigent older persons, remaining older persons and indigent populations, and uniformed personnel. Group B, the second target group (up to 44% of the total population), covers teachers and social workers; other government workers (national and local); other essential workers outside health, education, and social sectors; socio-demographic groups at significant risk other than older persons and indigent populations (persons with disability, persons deprived of liberty, persons living in high-density areas); overseas Filipino workers; and the remaining Filipino workforce (as may be determined by government agencies). Group C are the remaining Filipinos not included in Group A or Group B.

^e A total of at least 150 million doses of COVID-19 vaccines are to be procured under the HEAL2 and the HEAL2-AF. The coverage of 50 million Filipinos assumes a waste rate of 10%. The coverage would not increase as the additional financing will be also used for booster shots. The indicator was revised to remove "up to" to enable an objective assessment of the achievement and to adjust the target value correspondingly to reflect new information about vaccine dose costs.

^f This includes 44 million doses from the COVID-19 Vaccines Global Access (COVAX). The additional financing will procure at least 40 million doses; hence, the target increases from 110 million to 150 million doses. This target value of 150 million is based on price estimates and planned procurement at the time of the HEAL2 and HEAL2-AF preparation.

^g Output indicators 1b and 1c will be financed by the following TA projects: ADB. 2020. [Technical Assistance for Regional Support to Address the Outbreak of Coronavirus Disease 2019 and Potential Outbreaks of Other Communicable Diseases](#); ADB. 2015. [Philippines Social Protection Support Project \(Additional Financing\) Attached Technical Assistance](#) (expanded to a TA facility in November 2018 and renamed [Strengthening Social Protection, Education, and Health Reforms Facility](#)); and ADB. 2019. [Support for Human and Social Development in Southeast Asia](#). Manila.

^h In alignment with the WHO SAGE equity principle, these protocols and guidelines acknowledge that specific groups of the population are less able to access information and services than others. To ensure broad-based coverage of information and equity in vaccine access, the gender- and socially inclusive protocols and guidelines will specifically target marginalized women, women in especially difficult circumstances, and people in geographically isolated and disadvantaged areas as defined by the Magna Carta of Women, Sections 4 (d) and 30. The selected LGUs in big cities or geographically isolated and disadvantaged areas will be determined during the inception mission.

Contribution to Strategy 2030 Operational Priorities:
 The expected values and methodological details for all OP indicators to which this project will contribute results are detailed in Contribution to Strategy 2030 Operational Priorities (accessible from the list of linked documents in [Appendix 2](#)).
 Source: Asian Development Bank.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/RRPs/?id=54171-004-3>

1. Loan Agreement
2. Sector Assessment (Summary): Vaccines
3. Vaccine Needs Assessment
4. Project Administration Manual
5. Contribution to Strategy 2030 Operational Priorities
6. Country Economic Indicators
7. Country National Vaccination Prioritization and Allocation Plan
8. Summary Poverty Reduction and Social Strategy
9. Summary of Project Performance
10. Risk Assessment and Risk Management Plan

Supplementary Documents

11. Due Diligence on the Philippine COVID-19 Immunization Waste Management Plan and Arrangements (Update from HEAL2)
12. Strategic Procurement Planning Report (Update from HEAL2)
13. Financial Management Assessment (Update from HEAL2)