



Report and Recommendation of the President to the Board of Directors

Project Number: 55013-001
July 2021

Proposed Loan Islamic Republic of Pakistan: COVID-19 Vaccine Support Project under the Asia Pacific Vaccine Access Facility

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 15 July 2021)

Currency unit	–	Pakistan rupee/s (PRe/PRs)
PRe1.00	=	\$0.006276
\$1.00	=	PRs159.316

ABBREVIATIONS

ADB	–	Asian Development Bank
AGP	–	Auditor General of Pakistan
AMC	–	Advanced Market Commitment
APVAX	–	Asia Pacific Vaccine Access Facility
COVAX	–	COVID-19 Vaccines Global Access
COVID-19	–	coronavirus disease
DRAP	–	Drug Regulatory Authority of Pakistan
EPI	–	Expanded Programme on Immunization
Gavi	–	Gavi, the Vaccine Alliance
GDP	–	gross domestic product
MONHSR&C	–	Ministry of National Health Services, Regulations and Coordination
NCOC	–	National Command and Operation Center
NDMA	–	National Disaster Management Authority
NDVP	–	National Deployment and Vaccination Plan
PAM	–	project administration manual
PMU	–	project management unit
UNICEF	–	United Nations Children’s Fund
WHO	–	World Health Organization

NOTES

- (i) The fiscal year (FY) of the Government of Pakistan ends on 30 June. “FY” before a calendar year denotes the year in which the fiscal year ends, e.g., FY2021 ends on 30 June 2021.
- (ii) In this report, “\$” refers to United States dollars.

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PROJECT AT A GLANCE

1. Basic Data		Project Number: 55013-001	
Project Name	COVID-19 Vaccine Support Project under the Asia Pacific Vaccine Access Facility	Department/Division	CWRD/CWSS
Country	Pakistan	Executing Agency	Ministry of National Health Services, Regulations and Coordination
Borrower	Islamic Republic of Pakistan		
Country Economic Indicators	https://www.adb.org/Documents/LinkedDocs/?id=55013-001-CEI		
Portfolio at a Glance	https://www.adb.org/Documents/LinkedDocs/?id=55013-001-PortAtaGlance		
2. Sector		ADB Financing (\$ million)	
✓ Health	Disease control of communicable disease		497.90
Public sector management	Public administration		2.10
		Total	500.00
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
✓ Strengthening governance and institutional capacity			
		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 1.5		Effective gender mainstreaming (EGM)	✓
SDG 3.8, 3.d			
SDG 5.1			
SDG 10.4		Poverty Targeting	
SDG 16.6, 16.7		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		500.00	
Sovereign Asia Pacific Vaccine Access Facility (Concessional Loan): Ordinary capital resources		500.00	
Cofinancing		0.00	
None		0.00	
Counterpart		81.00	
Government		81.00	
Total		581.00	
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 Islamic Republic of Pakistan for the COVID-19 Vaccine Support Project under the Asia Pacific Vaccine Access Facility (APVAX).¹

2. The project will provide the Government of Pakistan, through the APVAX, with financing for the procurement of coronavirus disease (COVID-19) vaccines, and for associated logistics and capacity strengthening activities.² The rapid response component under the APVAX will be used to procure COVID-19 vaccines, and to cover international transport and port clearance costs. The project investment component under the APVAX will be used for capacity strengthening. Pakistan has met all APVAX access criteria (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	COVID-19 adversely impacted the economy in 2020, prompting a revision of the GDP forecast from a pre-COVID-19 growth projection of 2.6% to a contraction of 0.4% in FY2020. For FY2021, GDP growth is expected to be 2.0%. ^a Without COVID-19, the poverty incidence (below the poverty line of \$3.20 a day) was estimated at 36.4% in 2020 but is expected to increase to 39.1% under the with-COVID-19 scenario. ^b
Completed needs assessment	Assessment of readiness, using WHO's COVID-19 Vaccine Introduction Readiness Assessment Tool and the World Bank's Vaccination Readiness Assessment Framework, is updated periodically with support from UNICEF, WHO, and other development partners.
National vaccination allocation plan	MONHSR&C developed the NDVP in consultation with ministries, provincial governments, institutions, and partners. The NDVP is aligned with the global COVID-19 policies and strategies of WHO's Strategic Advisory Group of Experts on Immunization (SAGE). It prioritizes frontline health care workers, other health care workers, and vulnerable groups (older people and those with pre-existing conditions).
Incremental medical waste management plan	Federal EPI, in collaboration with the World Bank, prepared an ESMP for the safe collection of EPI waste. Another ESMP—PREP-ESMP—was prepared in accordance with the Hospital Waste Management Rules, 2005 for the safe collection, storage, transport, and environment-friendly disposal of COVID-19 medical waste. The PREP-ESMP is well drafted and provides details on waste collection, segregation, and disposal, as well as on institutional structure, capacity building, and monitoring. Federal and provincial governments have committed to implement the PREP-ESMP.
Governor's letter	ADB has received the Governor's letter confirming the government's commitment to implement its NDVP, including its prioritization plan, and compliance with the APVAX vaccine eligibility criteria.
Established effective development partner coordination mechanism with clear ADB role	An effective development partner coordination mechanism is in place. The DPCC for COVID-19 Vaccine was officially established on 8 February 2021, and ADB participates in and contributes to it. Strong coordination between development partners and with MONHSR&C ensures that all contributions complement each other.

ADB = Asian Development Bank; APVAX = Asia Pacific Vaccine Access Facility; COVID-19 = coronavirus disease; DPCC = Development Partners Coordination Committee; ESMP = environmental and social management plan; Federal EPI = Expanded Programme on Immunization; FY = financial year; GDP = gross domestic product; MONHSR&C = Ministry of National Health Services, Regulations and Coordination; NDVP = National Deployment and Vaccination Plan; PREP-ESMP = Pandemic Response Effectiveness in Pakistan—environmental and social management plan; UNICEF = United Nations Children's Fund; WHO = World Health Organization.

^a ADB. 2021. [Asian Development Outlook \(ADO\) 2021: Financing a Green and Inclusive Recovery](#). Manila.

^b J. Bulan et al. 2020. "COVID-19 and Poverty: Some Scenarios." Unpublished note prepared for ADB's Economic Research and Regional Cooperation Department.

Source: Asian Development Bank.

¹ Asian Development Bank (ADB). 2020. [ADB's Support to Enhance COVID-19 Vaccine Access](#). Manila; and ADB. 2021. [Proposed Amendment to ADB's Support to Enhance COVID-19 Vaccine Access](#). Manila (together, the APVAX policy).

² The proposed project was prepared under the One ADB approach following the streamlined business processes outlined in the APVAX policy paper (footnote 1).

3. The project will support the implementation of the National Deployment and Vaccination Plan (NDVP)³—i.e., the introduction of COVID-19 vaccines in Pakistan in 2021—in line with the country partnership strategy and Strategy 2030 of the Asian Development Bank (ADB).⁴

II. THE PROJECT

A. Rationale

1. The COVID-19 Pandemic

4. **Status of the pandemic.** Pakistan reported its first COVID-19 case on 26 February 2020. As of 24 June 2021, it had 951,865 confirmed cases with 22,108 reported deaths,⁵ and a national case fatality ratio of 4.19%.⁶ The surge since March 2021, the third wave, represents 39% of the total number of confirmed COVID-19 cases and 42% of reported deaths. Some cities and districts still show positivity rates over 11.5%, which is higher than the 5% benchmark of the World Health Organization (WHO).⁷ This indicates significant under-testing and suggests that many infections may have gone undetected.

5. **Country context.** Pakistan is a lower middle-income country and the world's fifth-most populous country. Health care was devolved to the provinces in 2010 under the 18th Amendment of the Constitution and is under-invested. Current health expenditure per capita was \$43 in 2018, half the average of \$86 for lower middle-income countries.⁸ Out-of-pocket payments account for 56.2% of the current health expenditure, far above WHO's recommended threshold of 20%,⁹ showing weak protection against a financial catastrophe caused by health expenses. The country has some of the highest maternal and child mortality rates in the Central and West Asia region, and the overall quality of its health services remains poor. Health infrastructure is extremely limited. In 2017, Pakistan had 0.6 hospital beds per 1,000 people, compared with an average of 2.0 beds for lower middle-income countries. In 2020, before the onset of COVID-19, it had 3,124 intensive care unit beds, about 1.5 per 100,000 people.¹⁰

2. Impact of the Pandemic

6. **Cost for the economy.** Pakistan's gross domestic product (GDP) grew by 1.9% in fiscal year (FY) 2019, but in 2020, the impact of COVID-19 turned a pre-pandemic projection of 2.6% GDP growth into a contraction of 0.4% for FY2020.¹¹ For FY2021, GDP growth is expected to be 2.0%, but the estimate does not take into account the third wave of COVID-19 infections that

³ Islamic Republic of Pakistan, Expanded Programme on Immunization (EPI). 2021. *National Deployment and Vaccination Plan (NDVP) for COVID-19 Vaccines (2021)*. Islamabad (24 June).

⁴ ADB. 2021. [Country Partnership Strategy: Pakistan, 2021–2025—Lifting Growth, Building Resilience, Increasing Competitiveness](#). Manila; and ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila. The project is aligned with operational priority 1—tackling remaining poverty and reducing inequalities—by increasing access to COVID-19 vaccines for those most at risk; operational priority 2 by accelerating progress in gender equality; and operational priority 6 by supporting the capacity-strengthening of public organizations.

⁵ World Health Organization (WHO). 2021. Pakistan COVID-19 Situation Report. 24 June. Islamabad.

⁶ Islamic Republic of Pakistan, National Command and Operation Center. 2021. [Site Report 24 June](#).

⁷ WHO. 2020. [Public health criteria to adjust public health and social measures in the context of COVID-19: annex to considerations in adjusting public health and social measures in the context of COVID-19](#).

⁸ [World Bank open data](#).

⁹ WHO. 2010. [World Health Report 2010 – Health systems financing: the path to universal coverage](#). Geneva.

¹⁰ [Critical Care Medicine Journal](#).

¹¹ International Monetary Fund. [World Economic Outlook Update – January 2021](#). Washington, DC.

started in March 2021.¹² Remittances rose by about 27% to \$9.4 billion during the first 4 months of FY2021, despite the return of migrant workers to Pakistan.¹³ The official figure may have increased because of a diversion of remittances from informal to formal channels when travel restrictions prevented travelers from bringing in cash.¹⁴ The economic impact would have been much worse if the Government of Pakistan had not intervened. On 24 March 2020, it announced a PRs1.2 trillion relief package to provide support to low-income groups. From March–June 2020, more than 5 million people were provided a monthly stipend of PRs3,000 through the current social protection program. Multilateral and bilateral development partners increased their support considerably to bolster the government’s stabilization efforts, with about \$3.4 billion in financing from ADB, the Asian Infrastructure Investment Bank, the International Monetary Fund, and the World Bank for the COVID-19 response.

7. **Impact on poor and vulnerable groups.** Even before the outbreak of COVID-19, Pakistan's poverty incidence was quite high. Measured at \$3.2/day, it was 33.9% in 2017, increasing to 34.3% in 2018, and to 35.4% in 2019. The pandemic exacerbated the situation with a spike to 39.1% in 2020.¹⁵ The unemployment rate is expected to rise because of the reduced economic activity, since more than 70% of the country's non-agricultural labor force is employed by small and medium-sized enterprises which have been especially hit hard. Pakistan has one of the highest numbers of overseas workers in the Central and West Asia region—almost 11 million Pakistanis are working in other countries. The contraction of economies worldwide may reduce the overseas employment options and further drive up the unemployment rates when these migrants return. Even remittances through formal channels are expected to decline drastically after the initial uptick (para. 6), thereby increasing the poverty rate.

8. **Impact on gender.** While women account for about 36% of the confirmed COVID-19 cases and 37% of the reported deaths, fewer economic opportunities in the country and a rise in poverty levels may disproportionately affect them. Women have a smaller share in waged employment than men, and more than 70% of those women work in the informal sector, mostly home-based, unpaid, or associated with vulnerable sectors. The World Bank found that more than 25% of women in Pakistan have lost their jobs because of the pandemic.¹⁶ Another study shows that a fall in job postings resulting from COVID-19 disproportionately affected industries in which female employment is concentrated.¹⁷ Phone surveys conducted in Pakistan reveal that women are less likely to receive important information related to COVID-19, and women’s time spent on unpaid domestic and care work has increased.¹⁸ Furthermore, a study of microfinance clients concludes that businesses run by women were more likely to experience a 100% decrease in business revenue during the pandemic.¹⁹

9. **Impact on the health system.** COVID-19 has disrupted essential health services, including immunizations, particularly in the first half of 2020.²⁰ Health systems, which were

¹² ADB. 2021. [Asian Development Outlook \(ADO\) 2021: Financing a Green and Inclusive Recovery](#). Manila.

¹³ The News. 2020. [Remittances increase 27pc to \\$9.4bln in July-October](#). 13 November. Karachi.

¹⁴ World Bank. 2020. [Phase II: COVID-19 Crisis through a Migration Lens. Migration and Development Brief 33](#).

¹⁵ J. Bulan et al. 2020. "COVID-19 and Poverty: Some Scenarios." Unpublished note prepared for ADB's Economic Research and Regional Cooperation Department.

¹⁶ World Bank. 2020. [Women and girls must be at the center of Pakistan's COVID-19 recovery](#). Washington, DC (June).

¹⁷ World Bank. 2021. [Impacts of COVID-19 on Labor Markets and Household Well-being in Pakistan: Evidence from an Online Job Platform. Policy Brief February](#). Washington, DC.

¹⁸ United Nations. 2020. [Unlocking the lockdown: The gendered effects of COVID-19 on achieving the SDGs in Asia and the Pacific](#). New York.

¹⁹ K. Malik et al. [COVID-19 and the future of microfinance: evidence and insights from Pakistan](#), *Oxford Review of Economic Policy*, Volume 36, Issue Supplement_1, 2020, Pages S138–S168.

²⁰ Gavi, the Vaccine Alliance (Gavi). 2020. [Gavi-COVID-19 -Situation -Report #-14](#). 28 July. Islamabad.

stretched even before the pandemic, only provided 10%–49% of their pre-COVID-19 levels of maternal and child health services and noncommunicable disease treatment during the lockdown from March to May 2020, and during the localized lockdowns that started in June 2020.²¹ Pakistan already suffered shortages of medical staff before the onset of COVID-19, and the pandemic has hit the health care workforce the hardest with 16,544 health care workers reported infected and 162 reported dead (footnote 6).

10. **Initial government measures to control the pandemic.** The National Security Committee of the Government of Pakistan constituted the National Coordination Committee on 13 March 2020, chaired by the Special Assistant to the Prime Minister on Health, to formulate and implement a comprehensive strategy to stop the transmission of the virus and mitigate its consequences. The coordination committee includes federal ministers, chief ministers, and provincial health departments, who named the National Disaster Management Authority (NDMA) as the leading operational agency. The government (i) enhanced the existing Disease Surveillance and Response System for use as the central database for COVID-19, into which all points of entry, quarantine sites, hospitals, and laboratories would feed real-time information; and (ii) designated 2,942 isolation ward beds in 215 medical facilities, 25,949 hospital beds, and allocated 1,885 out of 3,989 ventilators in health facilities for COVID-19 patients. A partial lockdown, imposed in March 2020, was gradually eased from May 2020 and replaced with localized lockdowns.

11. **Lessons learned.** During the initial lockdown and COVID-19 restrictions, the child immunization programs were severely affected. To prevent future disruptions of the ongoing pediatric immunization programs at the sites of Pakistan's Expanded Programme on Immunization (Federal EPI), vaccination takes place at 2,823 COVID-19 vaccination counters, including 24 mass vaccination centers. It involves 4,000 nurses and medical personnel (40%–50% of them women) who were trained to safely administer the vaccines and safely dispose of the used needles. To address the threat to the health care workforce, the health care workers are prioritized for vaccination, and over 60% of were fully vaccinated by 15 June 2021, in line with the NDVP prioritization. According to the experience to date, the availability of vaccines in Pakistan determines the progress in vaccination.

3. Government's Response

12. **Needs assessment.** An ADB-funded study, using an agent-based model to estimate SARS-CoV-2 infections²² over a two-year intervention duration and assuming moderate restrictions only with no lockdowns, found that a 12-month vaccination rollout to 70% of adults would result in 76 million fewer COVID-19 infections and about 108,700 fewer deaths than would be the case in a theoretical situation with no (further) vaccination.²³ To reduce the infection rate and lower the number of hospital admissions of the more severe cases, vaccination against COVID-19 is needed.

13. **National deployment and vaccination plan.** The Ministry of National Health Services, Regulations and Coordination (MONHSR&C) and Federal EPI developed the NDVP in consultation with other ministries, institutions, provinces, and partners (footnote 3). The NDVP is

²¹ PATH. 2020. [Essential Health Services During and After COVID-19: A sprint analysis of disruptions and responses across six countries](#).

²² SARS-CoV-2 is the virus that causes COVID-19.

²³ The health gain of the 12-month rollout compared with the no-vaccination scenario is estimated at 0.63 million health-adjusted life years over the population's lifetime. T. Blakely, et. al. Modeled estimates of infection rates, health gain and costs for varying speed of adult vaccination rollout in Pakistan. University of Melbourne. Unpublished.

aligned with the COVID-19 policies of WHO's Strategic Advisory Group of Experts on Immunization (SAGE) and its strategies for vaccine development and vaccination programs. Through the NDVP, the government aims to help vaccinate the eligible population—defined as the total population minus children under 18 years of age—resulting in about 51% of Pakistan's people (119 million) being vaccinated, of which 70% in 2021. It is a phased approach, prioritizing frontline health care workers before other health workers; the elderly, including marginalized groups such as refugees and internally displaced persons; and younger people with comorbidities. The cost for implementing the NDVP for 2021 is estimated at \$1,950 million.

14. Four avenues for procuring vaccines exist at present. Pakistan is a member of the COVID-19 Vaccines Global Access Advanced Market Commitment (COVAX AMC),²⁴ one of the four pillars of the Access to COVID-19 Tools Accelerator²⁵ under WHO.²⁶ Pakistan is eligible for receiving free vaccines through COVAX AMC for up to 20% of its population. The second avenue is to procure additional COVID-19 vaccines via the COVAX Facility.²⁷ The third is direct procurement from manufacturers, and the fourth is by allowing the private sector to import and administer vaccines approved by the Drug Regulatory Authority of Pakistan (DRAP). As of 24 June 2021, the private sector had imported 50,000 doses of the DRAP-approved Sputnik V vaccine and administered them at a price of PRs12,268 for a pack of two doses, set by the Honorable Sindh High Court.²⁸

15. As of 26 June 2021, 14.2 million persons had been vaccinated, 2.7 million of them fully. As of 16 June 2021, among those not engaged as health care workers, women constitute 35% of the partially vaccinated and 36% of the fully vaccinated people. The NDVP includes a community engagement and communication plan. An operational plan outline was developed with the assistance of the United Nations Children's Fund (UNICEF) to help overcome vaccine hesitancy and create demand for vaccination; this includes engaging religious and community leaders to take ownership of the pandemic and promote vaccine acceptance; and involving civil society and nongovernment organizations, and local health and social staff (footnote 3).

16. To distribute the vaccines throughout Pakistan, the tested and proven EPI framework and system is used.²⁹ Vaccination takes place at 2,823 COVID-19 vaccination counters, including 24 mass vaccination centers, in health facilities. The capacities for storage, transportation, and quality control of vaccines were assessed and are being upgraded. For instance, funded by ADB, 23 units of ultracold chain equipment needed for the Pfizer vaccines were added.³⁰ Federal EPI's COVID-19 inventory management system tracks the distribution of vaccines, while the national

²⁴ Gavi launched COVAX-AMC in June 2020. It is an innovative financing instrument that aims to support the participation of 92 low- and middle-income economies in COVAX, which enables them to access donor-funded doses of safe and effective COVID-19 vaccines. Together with support for country readiness and delivery, COVAX AMC will ensure that the most vulnerable in all countries can be protected in the short term, regardless of income level (S. Berkley. [The Gavi COVAX AMC Explained](#). Gavi).

²⁵ Launched in April 2020, the ACT Accelerator, is a groundbreaking global collaboration to accelerate development, production, and equitable access to COVID-19 tests, treatments, and vaccines. It is organized into four pillars: diagnostics, treatment (therapeutics), vaccines, and health system strengthening (WHO. [COVAX](#)). Each pillar is vital to the overall effort and involves innovation and collaboration (WHO. [The Access to COVID-19 Tools \(ACT\) Accelerator](#)).

²⁶ The Coalition for Epidemic Preparedness Innovations, Gavi, WHO, and the World Bank.

²⁷ COVID-19 vaccines procured through the COVAX Facility are not free of charge, but because of the nature of the pooled procurement, a global fair allocation plan may be cheaper than direct procurement from manufacturers.

²⁸ S. Hassan. 2021. [Young Pakistanis rush to purchase Russian vaccine as private sales open](#). *Reuters*. 5 April.

²⁹ World Bank. 2016. [Pakistan – National Immunization Support Project \(NISP\)](#). Washington, DC.

³⁰ ADB. 2020. *Regional Support to Address the Outbreak of Coronavirus Disease 2019 and Potential Outbreaks of Other Communicable Diseases*. Manila (TA 9950-REG).

immunization management system is used to register and track the people vaccinated.³¹ A closely coordinated technical working group was constituted to plan and coordinate the vaccination of approximately 1.4 million registered and 500,000 unregistered refugees in Pakistan (footnote 3), 58% of whom live in Khyber Pakhtunkhwa Province, and 32% in refugee villages.³² To overcome the challenges surrounding the vaccination of women, Federal EPI will ensure that 40% of the vaccinators are female. To improve access for mobility-challenged persons, those aged 80 years and older may avail of home vaccination. Adverse events following immunization are monitored vigilantly, and major ones will be investigated by a committee.

4. Development Partner Coordination

17. The MONHSR&C, with support from Federal EPI, is coordinating the health sector response, including the NDVP, with all partners involved. UNICEF, WHO, and the World Bank have co-leading roles. A development partners coordination committee comprising ADB; Federal EPI; the United Kingdom's Foreign, Commonwealth and Development Office; Gavi, the Vaccine Alliance (Gavi); UNICEF; United States Agency for International Development; WHO; the World Bank; and other partners was formed to ensure wider participation of all national and international stakeholders and vaccine experts in support of the MONHSR&C. ADB's work will complement the assistance of other development partners for the procurement and transport of vaccines, and to strengthen the capacity of the MONHSR&C and Federal EPI. As a beneficiary of COVAX AMC, Pakistan is eligible to receive vaccines for 20% of its population. A World Bank loan of \$153 million has been restructured for the purchase of COVID-19 vaccines, and operational costs. The Islamic Development Bank offered to restructure the allocated \$70 million loan for the procurement and deployment of COVID-19 vaccines. The three institutions' COVID-19 vaccine procurement projects complement each other and will be coordinated from a single project management unit (PMU).

B. Project Description

18. **Impact and outcome.** The project is aligned with the following impacts: (i) vulnerable groups protected from COVID-19 (footnote 3); and (ii) spread, morbidity, and mortality of SARS-CoV-2 reduced, and confidence of citizens restored (footnote 1). It is an integral part of the development partner package and will assist the government's efforts to mitigate the health, social, and economic impacts of the pandemic and strengthen the country's immunization system.

19. **Output 1: COVID-19 vaccines procured and delivered to designated points.** The project will provide financing to procure vaccines. The government may procure them through direct contracting with manufacturers and/or via the COVAX Facility and/or directly engaging UNICEF. An estimated 39.83 million doses for COVID-19 vaccines will be delivered to provincial EPI warehouses.³³ The expenditure items will include: (i) under the rapid response component, vaccines that meet any of the eligibility requirements in the APVAX policy (footnote 1), including advance payments, and international logistics and related services required for the transportation of vaccines from the place of purchase to the warehouse of Federal EPI; and (ii) under the project investment component, safety boxes, syringes, and other items required for the administration of the vaccines, and national logistics and related services required for the transportation of vaccines from the warehouse of Federal EPI to designated delivery points in Pakistan (footnote 31).

³¹ Vaccine Needs Assessment (accessible from the list of linked documents in Appendix 2).

³² United Nations High Commissioner for Refugees. 2021. [Refugee-Affected and Hosting Areas Factsheet](#). Islamabad.

³³ Based on assumptions of a unit price of \$11 per dose for COVID-19 vaccines and two doses per patient.

20. **Output 2: Vaccine program implementation capacity strengthened.** Under the project investment component, the project will strengthen the capacity of the MONHSR&C and Federal EPI through a PMU to help them implement the COVID-19 vaccine program effectively and efficiently. The PMU will receive essential support from consultants funded by the project, covering project management and coordination, procurement and supply chain management, including distribution; gender mainstreaming; monitoring and evaluation; performance and information systems audits; and waste management. Additional international expertise may be organized through existing technical assistance.³⁴

21. **ADB value addition.** The proposed project is part of ADB's holistic support for Pakistan's response to the COVID-19 crisis, and will help mitigate the adverse health, social, and economic impacts while targeting vulnerable population segments and ensuring gender mainstreaming. The support for the procurement, deployment, and administration of vaccines is coupled with (i) upgraded and expanded medical treatment of COVID-19 cases through an emergency assistance loan,³⁵ of which \$103 million (including cofinancing of \$20 million from Agence Française de Développement) is for the health sector; (ii) the \$500 million COVID-19 Active Response and Expenditure Support program, which helps alleviate the negative economic and social impacts of the pandemic through government budget support and cash transfers to poor families,³⁶ and (iii) a quick response to the need for medical supplies, which was provided through a \$2 million grant under the Asia Pacific Disaster Relief Fund.³⁷ Capacity building and due diligence are organized through technical assistance.³⁸ To further enhance Pakistan's future resilience to epidemics and pandemics, ADB is exploring support for quality vaccine production by the country's private sector. As for the proposed project, ADB will ensure that internationally reputed and medically certified vaccine(s) eligible under APVAX policy will be made available to the population of Pakistan. It will also ensure gender mainstreaming, such as through tailored information for women, access to vaccine, and gender-sensitive vaccination processes. ADB's due diligence on financial management, medical waste management, and cold chain management will add to efficiencies in line with international best practices.

C. Summary Cost Estimates and Financing Plan

22. The project is estimated to cost \$581.0 million (Table 2). Detailed cost estimates by expenditure category and by financier are included in the project administration manual (PAM).³⁹ The major expenditure items that constitute the project are the purchase and delivery of COVID-19 vaccines that meet APVAX eligibility criteria, ancillary goods and services, and consulting services for developing the capacity of the MONHSR&C and Federal EPI.

Table 2: Summary Cost Estimates
(\$ million)

Item	Amount ^a
A. Base Cost ^b	
1. Output 1: COVID-19 vaccines procured and delivered to designated points (RRC)	502.9

³⁴ ADB. 2020. *Addressing Health Threats in Central Asia Regional Economic Cooperation Countries and the Caucasus*. Manila (TA 6535-REG); and footnote 35.

³⁵ ADB. 2020. *Emergency Assistance for Fighting the COVID-19 Pandemic*. Manila.

³⁶ ADB. 2020. *COVID-19 Active Response and Expenditure Support Program*. Manila.

³⁷ ADB. 2020. *COVID-19 Emergency Response*. Manila.

³⁸ ADB. 2020. *Addressing Health Threats in Central Asia Regional Economic Cooperation Countries and the Caucasus*. Manila; ADB. 2020. *Regional Support to Address the Outbreak of Coronavirus Disease 2019 and Potential Outbreaks of Other Communicable Diseases*. Manila; ADB. 2020. *National Disaster Risk Management Fund*. Manila; and ADB. 2017. *Preparing Health Sector Assessment*. Manila.

³⁹ Project Administration Manual (accessible from the list of linked documents in Appendix 2).

2. Output 2: Capacity to implement the vaccine program strengthened (PIC)	2.1
Subtotal (A)	505.0
B. Contingencies ^c	50.7
C. Financial Charges During Implementation ^d	25.3
Total (A+B+C)	581.0

PIC = project investment component, RRC = rapid response component.

^a Includes taxes and duties of \$50.6 million for outputs 1 and 2, including vaccines and ancillary goods and services, and project management costs. Such amount does not represent an excessive share of the project cost.

^b Prices as of 17 June 2021.

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

^d Includes interest during implementation to be financed by the government counterpart contribution/federal budget.

Source: Asian Development Bank.

23. **Debt sustainability analysis.** The debt sustainability analysis suggests that under the program's baseline scenario, the public debt-to-GDP ratio is expected to decline gradually from 92.9% in FY2020 to 69.2% by FY2026.⁴⁰ While total public debt remains sustainable, during FY2020–FY2025 the public debt-to-GDP ratio remains higher than the debt threshold of 70%, before declining to 69.2% in FY2026. Despite improvement in the maturity structure of the public debt, macro-fiscal shocks continue to pose threat to debt sustainability. The government has so far been successful to secure external financing to meet the financing gap, yet lower-than-expected economic growth, rise in primary deficit, increase in real interest rate, the surge in contingent liabilities, and exchange rate depreciation, have the potential in widening the financing gap and thereby undermining debt sustainability. Although financial assistance from ADB and other development partners will not impair debt sustainability, the government will need to monitor the fiscal risks and remain committed to fiscal consolidation to maintain macroeconomic stability to ensure debt sustainability.

24. The government has requested a concessional loan of \$500 million from ADB's ordinary capital resources to help finance the project. The loan will have a 25-year term, including a grace period of 5 years; an interest rate of 2% per year during the grace period and thereafter; and such other terms and conditions set forth in the draft loan agreement.

25. The summary financing plan is in Table 3. ADB will finance the expenditures in relation to the procurement and delivery of the COVID-19 vaccines and of ancillary goods to the designated points, consulting services, and project management costs. The government provided assurance that it will cover any shortfall of the required finances. The government will contribute \$55.7 million to cover taxes and duties through exemption, and provide office space and counterpart staff, as agreed with the government. Moreover, the government will contribute \$25.3 million from the state budget for interest payments during project implementation.

Table 3: Summary Financing Plan

Source	Amount (\$ million)	Share of Total (%)
Overall program		
ADB ordinary capital resources (concessional, APVAX)		
Rapid response component	491.7	84.6
Project investment component	8.3	1.4
Government contribution		
Tax and duty exemptions, project management, and contingency	55.7	9.6
Interest during implementation	25.3	4.4
Total	581.0	100.0

ADB = Asian Development Bank, APVAX = Asia Pacific Vaccine Access Facility.

Sources: Asian Development Bank; and Government of Pakistan.

⁴⁰ Debt Sustainability Analysis (accessible from the list of linked documents in Appendix 2).

D. Implementation Arrangements

26. The implementation arrangements are summarized in Table 4 and described in detail in the PAM (footnote 39). The MONHSR&C will be the executing agency, and Federal EPI will be the implementing agency. Only Federal EPI shall be responsible for the pooled procurement of logistical and transportation services, and the recruitment of consulting services. A joint PMU will be established for the project with funding from ADB, the Islamic Development Bank, and the World Bank. The PMU project director will be located at Federal EPI, reporting to the National Program Manager of Federal EPI, who in turn will report to the Director General of the MONHSR&C. Project oversight will be provided through the deputy director (P-IV) and supply chain and procurement advisor of MONHSR&C. The National Vaccine Task Force is supported by an inter-ministerial and a technical subcommittee, whose guidance and support will be solicited for the coordination with provinces and the timely implementation of project activities across the country. The Development Partners Coordination Committee will provide technical support to the MONHSR&C for the timely implementation of project activities.

27. Value for money in procurement will be achieved by securing multiple types of vaccines either through several bilateral deals or through COVAX on reasonable commercial terms, including timely procurement under the project investment component and through close monitoring for timely vaccine delivery and rollout.

28. **Governance structure.** The National Coordination Committee on COVID-19 supervises the COVID-19 vaccine deployment and takes all the necessary decisions relating to administration and management under direct guidance from the Prime Minister. To ensure consensus-based national decision-making and deployment, the government established the National Command and Operation Center (NCOC) to spearhead the overall COVID-19 response and take immediate decisions, including on the vaccine rollout. The NCOC is chaired by the Minister of Planning, Development and Special Initiatives; and attended by the Minister, Secretary, and Director General of MONHSR&C; Federal EPI; and representatives from the Ministry of Foreign Affairs, Ministry of Finance, Ministry of Information and Broadcasting, the Drug Regulatory Authority of Pakistan, and the National Database and Registration Authority. National decision-making is supported by provincial officials, health ministers, chief secretaries, secretaries and directors general of health, as well as provincial EPI teams. A performance auditor shall also be recruited to monitor the performance of the project from procurement to distribution of the COVID-19 vaccines in accordance with the National Plan for COVID-19 Vaccination, and to conduct a performance audit on an annual basis.

Table 4: Implementation Arrangements

Aspects	Arrangements
Implementation period	August 2021–June 2023
Estimated completion date	30 June 2023
Estimated loan closing date	31 December 2023
Management	
(i) Oversight body	Cabinet Procurement Committee, NCOC, National Vaccine Task Force, and Procurement Committee headed by NDMA
(ii) Executing agency	MONHSR&C The Office of the Director General Health of MONHSR&C will coordinate the overall vaccine procurement and vaccination rollout and help coordinate project activities with all stakeholders.
(iii) Key implementing agencies	Federal EPI will coordinate the overall vaccination, procurement of all activities under output 2, and vaccination rollout and help coordinate project activities with all stakeholders

Aspects	Arrangements		
(iv) Implementation unit	A combined project management unit will be established for the project with funding from ADB, Islamic Development Bank, and World Bank.		
Procurement	Direct contracting to manufacturers, UNICEF or COVAX Facility for vaccine supply	Multiple contracts	\$482.05 million
	Safety boxes and syringes	1 contract	\$2.28 million
	AEFI kits, cotton rolls and vaccine carriers	Multiple contracts	\$2.41 million
	International transportation and distribution including port clearance	Multiple contracts	\$9.50 million
	Printing of forms for vaccine process	Multiple contracts	\$0.24 million
Consulting Services	Individual consultants, (support to MONHSR&C and EPI)	Multiple contracts	\$0.50 million
	CQS (performance audit and information systems audit firms)	1 contract	\$0.12 million
Retroactive financing and/or advance financing /contracting	<p>Retroactive financing is envisaged to reimburse eligible expenditures on COVID-19 vaccines, national consultants, logistics, and transportation of vaccines to designated points, subject to a maximum of 30% of the loan amount, provided that expenditures are incurred prior to loan effectiveness but after the declaration of the COVID-19 emergency or the allocation of resources for it, and not earlier than 12 months before the date of the loan agreement; and provided that disbursement conditions are met. Withdrawals from the loan account may be made for advance financing in an amount of up to 6 months of estimated eligible expenditures or 50% of the RRC loan amount, whichever is lower. The combined outstanding balance of advance financing and retroactive financing should not, at any time, exceed 60% of the RRC loan amount, while the advance financing and retroactive financing remain within their respective ceilings. Any advance financing and retroactive financing will be subject to the vaccine eligibility criteria and other requirements under the Asia Pacific Vaccine Access Facility policy being fully met.</p> <p>The issuance of invitations to bid and of consulting services recruitment notices under advance contracting and retroactive financing will be subject to ADB approval. The government, and executing and implementing agencies, were advised that approval of advance contracting and retroactive financing does not commit ADB to finance the project.</p>		
Disbursement ^a	The loan proceeds will be disbursed following ADB's <i>Loan Disbursement Handbook</i> (2017, as amended from time to time) and detailed arrangements agreed between the government and ADB.		

ADB = Asian Development Bank; AEFI = adverse event following immunization; COVID-19 = coronavirus disease; CQS = consultants' qualification selection; EPI = Expanded Programme on Immunization; MONHSR&C = Ministry of Health Services, Regulations and Coordination; NCOC = National Command and Operation Center; NDMA = National Disaster Management Authority; RRC = rapid response component; UNICEF = United Nations Children's Fund.

Note: Estimated costs of contracts are exclusive of taxes.

^a For guidance, refer to ADB's [Loan Disbursement Handbook](#).

Source: Asian Development Bank.

III. DUE DILIGENCE

A. Economic and Financial Analysis

29. The COVID-19 pandemic is both a health and an economic crisis, generating loss of lives and a major economic downturn arising from (i) the introduction of containment measures that restrict economic activities and (ii) a wider economy-wide slowdown in investment and international trade. Averting further loss and paving the way for recovery from economic stagnation will require a comprehensive vaccination effort combined with other effective suppression measures. The vaccination program will result in substantially reduced mortality and morbidity, and contribute to bringing the economy back on track by encouraging the resumption of economic activities, including production, investment, and trade. A project financial viability assessment was not undertaken, since the project outputs are not meant to produce direct revenue for cost recovery. The country's vaccination program is financially sustainable. The

COVID-19 vaccine agenda is part of the normal activities of Federal EPI; hence, the government is committed to providing funding in the future. As of 24 June 2021, the government used \$178.81 million from its budget resources to support vaccine procurement. The MONHSR&C will need to give budget assurance that it is committed to providing full future funding for the operation and management costs, to maintain the cold chain equipment being procured under ADB financing.

B. Governance and Anticorruption

30. **Governance.** Pakistan has extensive centralized legislative and institutional public financial management structures, but their effective and efficient implementation is challenged by a decentralized service delivery system. As a government ministry and national program, the MONHSR&C and Federal EPI are subject to external audits by the constitutionally independent office of the Auditor General of Pakistan (AGP), the supreme audit institution of the country bestowed with powers given by the Constitution of Pakistan to conduct external audits of government entities. External audits performed by the AGP continue to face delays in the execution and settlement of audit observations. In addition to the statutory external audits by the AGP, the MONHSR&C and Federal EPI have established internal audit units to strengthen the governance and control environments. The latest assessment of the country's public financial management system concluded that the federal internal audit function requires improvement.⁴¹

31. The ADB project financial statements will be subject to annual external audits by the AGP in line with the financial reporting requirements specified in the loan agreement. ADB project audits are being conducted in timely fashion by the AGP's foreign-aided project audits wing. The project will also be subject to regular internal audits by the respective MONHSR&C and Federal EPI units. The PAM includes specific actions that govern the conduct of periodic internal audits and the reporting of results. A further layer of accountability is introduced by the constitutionally independent National Accountability Bureau, which is mandated to investigate public sector procurement beyond a threshold of PRs50 million.

32. Pakistan has adequate anticorruption legislation, institutions, and systems in place; however, ineffective implementation and poor enforcement of the anticorruption measures make the country vulnerable to corruption. Transparency International's Corruption Perception Index continues to place Pakistan in the bottom third of the assessed countries, with a score of 31 out of 100 in 2020. The World Bank's Control of Corruption indicator for Pakistan has been low for the last 5 years, and in 2019 stood at 21.2. In addition, Pakistan remains on the Financial Action Task Force's grey list, which denotes weaknesses in the laws, rules, and regulations to combat money laundering and terrorism financing, and weakness in the efforts to mitigate financial crime. The Financial Action Task Force predicated offenses include corruption and bribery. Pakistan's integrity and corruption risks have also been considered in the risk assessment and risk management plan. ADB's Anticorruption Policy (1998, as amended to date)⁴² was explained to and discussed with the government, the MONHSR&C, and Federal EPI. The specific policy requirements and supplementary measures are described in the PAM.

⁴¹ Government of Pakistan. 2012. [Public Financial Management and Accountability Assessment](#).

⁴² ADB. 1998. [Anticorruption Policy](#). Manila.

C. Environment and Social Safeguards

33. In compliance with ADB's Safeguard Policy Statement (2009), the project's safeguard categories are as follows.⁴³

34. **Environment (category C).** The proposed services (relating to the procurement and distribution of vaccines only) will have minor environmental impacts during the implementation phase, involving mainly the generation of COVID-19 immunization waste, such as used syringes, needles, and personal protective equipment. It is also confirmed that Federal EPI's environmental and social management plan and the recent update (Pandemic Response Effectiveness in Pakistan)⁴⁴ are adequate to deal with such type of waste.

35. **Involuntary resettlement and indigenous peoples (category C).** The project does not entail any physical intervention that could cause any involuntary resettlement and indigenous people impacts, and thus is classified as category C.

D. Poverty, Social, and Gender

36. **Poverty and social considerations.** The project supports poverty alleviation with measures to safeguard the health of citizens and to bring the economy back on track by encouraging the resumption of economic activities.⁴⁵ To increase accessibility and reduce cost entry barriers, the vaccines are made available free of charge and administered through 2,823 COVID-19 vaccination counters covering Pakistan, thereby helping to reduce transport cost and financial barriers to access.

37. **Gender.** The project is categorized as *effective gender mainstreaming*.⁴⁶ The gender action plan has the following key gender actions: (i) collection of sex- and age-disaggregated data on all government priority target groups to be vaccinated; (ii) implementation of a comprehensive communication and outreach plan for hard-to-reach communities and vulnerable groups; (iii) support mechanisms to facilitate the vaccination of women and vulnerable segments with no identity papers and mobile services; (iv) inclusion of women and vulnerable groups in satisfaction surveys; (v) provision of a mechanism for women and vulnerable groups to seek advice and guidance on access to vaccination counters, side effects of vaccination, and related information; and (vi) capacity building for the MONHSR&C and Federal EPI that includes at least 40% of female staff and consultants.

E. Financial Due Diligence

38. **Financial management.** The financial management assessment concluded that the overall pre-mitigated financial management risk of the project is *substantial* given the risks associated with accountability arrangements, potential inventory management issues because of the high-volume and geographically dispersed vaccine distribution and administration process, and lack of experience by the executing and/or implementing agencies in the financial management of ADB-funded projects. Mitigation measures are discussed in the financial management assessment,⁴⁷ and are described in Table 5.

⁴³ ADB. 2009. [Safeguard Policy Statement](#). Manila.

⁴⁴ World Bank. 2020. [Pandemic Response Effectiveness in Pakistan](#). Washington, DC.

⁴⁵ Summary Poverty Reduction and Social Strategy (accessible from the list of linked documents in Appendix 2).

⁴⁶ Gender Action Plan (accessible from the list of linked documents in Appendix 2).

⁴⁷ Financial Management Assessment (accessible from the list of linked documents in Appendix 2).

F. Procurement

39. Procurement will be undertaken in a manner consistent with the simplified and expedient procedures permitted under the ADB Procurement Policy (2017, as amended from time to time) and Procurement Regulations for ADB Borrowers (2017, as amended from time to time).⁴⁸ Following the APVAX policy (footnote 1), universal procurement will apply. The Cabinet has exempted the COVID-19 vaccine procurement from the Public Procurement Regulatory Authority rules 2004. The Cabinet constituted a sub-committee of cabinet for the procurement of COVID-19 vaccines in terms of Rule 17 (2), of Rules of Business 1973. Under the direction of the NCOC, a dedicated National Vaccine Task Force was set up with two sub-committees: (i) Inter-Ministerial Committee for COVID-19 Vaccine and (ii) Technical Committee for COVID-19 Vaccine. The technical committee is responsible for evaluating the vaccines, reviewing the development of the global vaccine situation, and formulating Pakistan-specific guidelines for COVID-19 vaccines based on global best practices. The task force is further supported by a vaccine negotiating team. Direct negotiations for bilateral deals with vaccine manufacturers are led by NDMA as part of the procurement committee. Procurement of vaccine through COVAX Facility and/or through UNICEF will be led by MONHSR&C. Fiduciary responsibility for the procurement of eligible vaccines will remain with MONHSR&C. ADB will provide financing for the vaccine procurement only once the APVAX vaccine eligibility criteria have been met.⁴⁹ To be eligible for financing under the loan, the MONHSR&C and Federal EPI shall submit vaccine procurement contracts for ADB's prior review to ensure compliance with the APVAX policy requirements.

40. A strategic procurement planning exercise was carried out for the MONHSR&C and Federal EPI. Notwithstanding the special arrangements put in place for the vaccine procurement, the procurement risk under the proposed project is rated *high* because of the limited capacity of the MONHSR&C and Federal EPI, a severely constrained vaccine market, the large bargaining power of the vaccine manufacturers, and the government's reliance on bilateral deals. The risk will be assessed again during implementation and updated accordingly based on the performance of the executing agency and/or implementing agencies (footnote 48).

G. Summary of Risk Assessment and Risk Management Plan

41. Major risks and mitigating measures are summarized in Table 5 and described in detail in the risk assessment and risk management plan.⁵⁰

Table 5: Summary of Risks and Mitigating Measures

Major Risks	Mitigation Measures
Severely constrained vaccine supply market and/or manufacturer's inability to meet delivery deadlines.	<ul style="list-style-type: none"> • Use the COVAX Facility, which has confirmed supply deals for proportion of needs • Identify multiple avenues for procurement to spread risk, and prioritize unapproved vaccines with smaller order books (balance portfolio).
Unit price exceeds project estimates, reducing the coverage of vaccines procured under ADB, World Bank, and IsDB loans; or the allocation by COVAX AMC is for less than 20% of the population.	<ul style="list-style-type: none"> • The Government of Pakistan has allocated \$280 million to procure vaccines. • Pakistan still has a \$748 million OCR allocation in APVAX left, which can be used for further procurement of vaccines.

⁴⁸ Strategic Procurement Plan (accessible from the list of linked documents in Appendix 2).

⁴⁹ The eligibility of vaccines for APVAX financing is contingent on meeting the criteria in para. 29 (including footnotes 28, 29, and 30) of the APVAX policy paper, as amended (footnote 1).

⁵⁰ Risk Assessment and Risk Management Plan (accessible from the list of linked documents in Appendix 2).

Major Risks	Mitigation Measures
Double payment of expenditures, or funds from other financiers, may be merged and not accounted for properly.	<ul style="list-style-type: none"> • Separate bank accounts for advances will be opened for each financier, i.e., ADB, IsDB, and World Bank. • The FMS must provide to ADB quarterly reconciliation documents for expenditure items funded by multiple financiers, including ADB. • Federal EPI to provide additional reconciliation documents from other development partners with which ADB shares expenditure items. • Regular coordination meeting on project progress and joint project review missions.
Ensuring good governance under the pressure of having to procure COVID-19 vaccines and roll out the vaccination program as fast as possible is challenging.	<ul style="list-style-type: none"> • Cabinet Procurement Committee, NCOC, National Coordination Committee, and National Vaccine Task Force will supervise and oversee the COVID-19 vaccine deployment. • A combined PMU will be established to ensure adequate project oversight and development partner coordination, to prevent and mitigate corruption risk. • MONHSR&C will establish a strong PMU with qualified and experienced staff to manage, implement, and monitor the ADB-financed project, including inventory procurement, asset management, and financial management. • Ensure access to and check ADB's complete sanctions list to ascertain the eligibility of potential contractors, consultants, and other suppliers. • ADB, under its technical assistance, will conduct integrity knowledge management session/s for MONHSR&C, Federal EPI, and other project stakeholders to increase their awareness of and compliance with ADB's Anticorruption Policy (1998, as amended to date).
Exclusion of ADB-funded projects in the internal audit plan of MONHSR&C; insufficient authority given to internal financial control and audit units; or inadequate capacity could reduce the effectiveness of financial management, control of expenditures, and accountability, raising the risk of misuse of funds, and of gaps between projected revenues/expenditures and actual realization.	<ul style="list-style-type: none"> • The internal audit unit will be obligated to audit the ADB funds, and the detailed scope of this audit will be agreed with MONHSR&C and Federal EPI; this includes financing activities and business processes covered by ADB funds and auditing all project accounts in accordance with International Standards for the Professional Practice of Internal Auditing. • MOF's Internal Audit Department supports building the capacity of internal audit units in line ministries, including drafting an audit charter, manuals, and guidelines. • ADB will make provisions for financial management, including assistance for capacity development, in ADB-funded projects.
The scope for political interference and delays in the appointment of key officials in integrity institutions may reduce their effectiveness, raising the risk of corruption and fraud.	<ul style="list-style-type: none"> • Several partners are providing support for legal and judicial reforms. • ADB will work with the government to effectively insulate ADB-funded projects from corruption risks in accordance with ADB's Anticorruption Policy.
Vaccine not allocated according to the prioritization plan.	<ul style="list-style-type: none"> • Performance auditor to assess the economy, efficiency, and effectiveness of the vaccination program. • The M&E specialist will provide real-time monitoring and evaluation of the vaccine program.
Inventory management system at risk of gaps when combining manual and automated control functions relating to item tagging, storage, warehouse transfers, and consumption.	<ul style="list-style-type: none"> • The scope of auditing the performance of project activities will include an annual assessment of the design and operating effectiveness of the inventory management system.
MONHSR&C and Federal EPI have no previous experience in meeting financial management and audit requirements for ADB projects. Moreover, current staff may be overburdened by the additional project activities related to vaccines.	<ul style="list-style-type: none"> • ADB will work closely with MONHSR&C and Federal EPI to implement the project as per guidelines and requirements of ADB. The ministry has worked on several external development partner-financed projects. • New financial management staff or consultant with prior ADB or World Bank project experience will be recruited for the project. In addition, ADB will provide training to MONHSR&C staff on ADB financial management and disbursement guidelines and policies. • ADB will train Federal EPI accounting staff on ADB financial management and disbursement guidelines and policies.

Major Risks	Mitigation Measures
Implementation of the NDVP is challenged by skepticism, lukewarm attention, and vaccine hesitancy.	<ul style="list-style-type: none"> The project will draw on and support further development of the RCCE, which is a core part of the NDVP and has been vetted by line ministries and approved by NCOC. The RCCE is a framework aimed at individuals, families, and communities, and collaborates with religious leaders, to ensure the public's support of the NDVP, i.e., encourage targeted population segments to have more faith in the health system and increase vaccine uptake. PMU will be supported by a RCCE specialist through World Bank funding, while ADB will support a gender specialist for input to the RCCE, keeping in mind the challenges for the elderly, persons with disabilities, and remote residents.
Unavailability of sufficient quantities of syringes and safety boxes	<ul style="list-style-type: none"> Project team to plan in advance procurement of syringes and safety boxes, and to establish framework agreement with suppliers.

ADB = Asian Development Bank; COL = concessional OCR loan; COVAX = COVID-19 Vaccines Global Access; COVID-19 = coronavirus disease; EPI = Expanded Programme on Immunization; FMS = financial management specialist; IsDB = Islamic Development Bank; M&E = monitoring and evaluation; MOF = Ministry of Finance; MONHSR&C = Ministry of National Health Services, Regulations and Coordination; NCOC = National Command and Operation Center; OCR = ordinary capital resources; PMU = project management unit; RCCE = risk communication and community engagement strategy.

Source: Asian Development Bank.

IV. ASSURANCES AND CONDITIONS

42. The government and its executing and implementing agencies have assured ADB that the implementation of the project will conform to all applicable ADB requirements, including those concerning anticorruption measures, safeguards, gender, procurement, consulting services, financing management, and disbursement as detailed in the PAM and loan documents.

43. The government and the Ministry of National Health Services Coordination and Regulations have agreed with ADB on certain covenants for the project, which are set forth in the draft loan agreement. Withdrawals from the loan account for COVID-19 vaccines will be subject to APVAX eligibility criteria.

V. RECOMMENDATION

44. 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 \$500,000,000 to the Islamic Republic of Pakistan for the COVID-19 Vaccine Support Project under the Asia Pacific Vaccine Access Facility, from ADB's ordinary capital resources, in concessional terms, with an interest charge at the rate of 2% per year during the grace period and thereafter; for a term of 25 years, including a grace period of 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

16 July 2021

DESIGN AND MONITORING FRAMEWORK

Impacts of the Project are Aligned with			
<ul style="list-style-type: none"> ▪ Protect vulnerable groups from morbidity and mortality due to COVID-19 disease (National Deployment and Vaccination Plan to introduce COVID-19 in the Islamic Republic of Pakistan [2021]) ▪ Spread, morbidity, and mortality of SARS-CoV-2 reduced, and confidence of citizens restored (ADB's Support to Enhance Access to COVID-19 Vaccine, 2020) 			
Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
<p>Outcome</p> <p>Priority population segments vaccinated against COVID-19</p>	<p>By 2023:</p> <p>a. At least 18.11 million people of priority population segments,^a based on NDVP for 2021 vaccinated (2021 baseline: 0) (OP1.1, OP2.1.4) [data disaggregated by sex, age, and priority groups, including marginalized groups, refugees, and internally displaced eligible recipients]</p> <p>b. At least 70% men and 70% women vaccine recipients expressed satisfaction regarding vaccination access and quality of services, including adequacy of information provided^b (2020 baseline: 0)</p>	<p>Periodic progress reports prepared by MONHSR&C, Federal EPI, WHO</p>	<p>A: Vaccines get utilized right away</p> <p>A: Wastage rate is 10%</p> <p>R: Vulnerable groups are not prioritized in practice because of political pressures</p> <p>R: Adverse events following immunization significantly increase vaccine hesitancy and reduce the number of persons willing to be vaccinated</p> <p>R: Weaknesses in subnational supply chain systems disrupt delivery of vaccines to health facilities, which may result in higher than acceptable closed vial wastage rates</p>
<p>Outputs</p> <p>1. COVID-19 vaccines procured and delivered to designated points</p>	<p>By 2023:</p> <p>1.1 An estimated 39.83 million doses of COVID-19 vaccine (with syringes and safety boxes) delivered to designated delivery points (2021 baseline: 0) (OP1.1.2, OP6.1.1, OP6.1.4)</p>	<p>Periodic progress reports prepared by MONHSR&C, Federal EPI, WHO</p>	<p>A: Timely approval of vaccines by DRAP</p> <p>R: Delays in procurement because of supply limitations</p> <p>R: Vaccine cost is higher than anticipated</p>

Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
2. Vaccine program implementation capacity strengthened	<p>2.1 Federal EPI has a gender sensitivity training module^c for inclusion in capacity building sessions of vaccinators and staff^d (2020 baseline: N/A)</p> <p>2.2 80% of the trained vaccinators and staff at vaccination centers (at least 40% of them women), demonstrated gender-sensitive skills and knowledge about COVID-19 vaccine administration (2020 baseline: N/A) (OP1.1.1, OP2.1.1, OP2.2.2, OP6.2.1)</p> <p>2.3 At least 2 multimedia campaigns—on the benefits of vaccination, registration process to access vaccines, access to vaccination sites, feedback mechanisms, myths linked to vaccine, and other related topics—using gender-inclusive language and images, rolled out to the public (including refugees and hard-to-reach communities) through community-based interventions, dissemination of messages in local languages, and local communication channels^e (2020 baseline: 0) (OP6.2.4)</p> <p>2.4 At least 40% of all vaccinators on duty in vaccination centers are women (2021 baseline: 40%) (OP2.3.2)</p>	<p>Periodic progress reports prepared by MONHSR&C, Federal EPI, WHO, and gender specialist</p> <p>Post-training skills-based assessment</p> <p>Report on (at least 2) multimedia campaigns</p> <p>Periodic progress reports prepared by MONHSR&C, Federal EPI</p>	
<p>Key Activities with Milestones</p> <p>1. COVID-19 vaccines procured and delivered to designated points</p> <p>1.1 MONHSR&C to award contract to vaccine manufacturer for procurement of COVID-19 vaccines (Q2–Q3 2021)</p> <p>1.2 Coordinate with Federal EPI and development partners on the vaccine rollout (Q2 2021–Q4 2022)</p> <p>1.3 Closely monitor COVID-19 vaccine rollout (Q2 2021–Q4 2022)</p> <p>2. Vaccine program implementation capacity strengthened</p> <p>2.1 Federal EPI to recruit individual consultants (Q3–Q4 2021)</p>			

2.2 Federal EPI to recruit performance audit & information systems audit firm (Q3–Q4 2021)

Project Management Activities

- Strengthen MONHSR&C and Federal EPI by recruiting consulting services.
- Establish data collection systems to report on DMF indicators, including collection of sex- and age-disaggregated and gender-related information relevant to the gender action plan.
- Prepare annual audits and quarterly progress reports.
- Conduct midterm review by Q3 2022.
- Prepare project completion report by Q4 2023.

Inputs

ADB: \$500,000,000 (concessional ordinary capital resources, APVAX)

Government: \$81,000,000 (interest during implementation and in-kind contribution)

A = assumption; ADB = Asian Development Bank; APVAX = Asia Pacific Vaccine Access Facility; COVID-19 = coronavirus disease; DMF = design and monitoring framework; DRAP = Drug Regulatory Authority of Pakistan; Federal EPI = Expanded Programme on Immunization; MONHSR&C = Ministry of National Health Services, Regulations and Coordination; N/A = not applicable; NDVP = National Deployment and Vaccination Plan; OP = operational priority; Q = quarter; R = risk; WHO = World Health Organization.

^a As defined by Government of Pakistan in NDVP 2021.

^b Satisfaction survey conducted using digital technologies, and/or on-site recording feedback of men and women right after vaccination, and/or other survey methodologies using randomized sampling techniques.

^c Gender-sensitive vaccination procedures include consideration of gender-differentiated needs, such as many women's preference for a female vaccinator; women's need for privacy; need of women with little education and exposure to public information and social media to understand, accept, and access COVID-19 vaccinations; and the need to be informed of how to address possible side effects.

^d Staff assisting the vaccination process at the mass vaccination or COVID-19 vaccination centers (designated by the Government of Pakistan).

^e Communication channels such as local leaders, community-based organizations, women's groups, religious leaders, teachers, female health workers, local radio programs, and other relevant local channels.

Contribution to Strategy 2030 Operational Priorities

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).

In addition to the OP indicators tagged in the DMF, this operation will contribute results for OP 7.3.3: Measures to improve regional public health and education services supported in implementation.

Source: Asian Development Bank.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/RRPs/?id=55013-001-3>

1. Loan Agreement
2. Vaccine Needs Assessment
3. Project Administration Manual
4. Contribution to Strategy 2030 Operational Priorities
5. Development Coordination
6. Country Economic Indicators
7. Debt Sustainability Analysis
8. National Deployment & Vaccination Plan (NDVP) for COVID-19 Vaccines (2021)
9. Financial Analysis
10. Governor's Letter
11. Summary Poverty Reduction and Social Strategy
12. Gender Action Plan
13. Risk Assessment and Risk Management Plan
14. Indicative Master List of Eligible Items, and Agreed List of Acceptable Expenditure Items ('Positive List'), for ADB Financing under the Rapid Response Component
15. APVAX Strategic Procurement Planning
16. Environmental Safeguards Due Diligence Report

Supplementary Document

17. Financial Management Assessment Report