

## Philippines : Second Health System Enhancement to Address and Limit COVID-19 Under the Asia Pacific Vaccine Access Facility – Additional Financing (HEAL2-AF)

### 1. Project Information

Project ID:	P000555	Instrument ID:	L0555A
Member:	Philippines	Region:	South-Eastern Asia
Sector:	CRF-Public Health	Sub-sector:	
Instrument type:	<input checked="" type="checkbox"/> Loan:250.00 US Dollar million <input type="checkbox"/> Guarantee	Lead Co-financier (s):	Asian Development Bank
ES category:	C	Borrowing Entity:	Department of Finance, Philippines
Implementing Entity:	Department of Health, Philippines		
Project Team Leader:	Yuka Terada		
Responsible DG:	Rajat Misra		
Responsible Department:	INF1		
Project Team Members:	Yang Shuai, OSD - Environment & Social Development Specialist; Yunlong Liu, OSD - Procurement Specialist; Yogesh Malla, OSD - Financial Management Specialist; Lily Jin, Team Member; Bernardita Saez, Project Counsel; Jinghui Li, Project admin		
Completed Site Visits by AIIB:	Apr, 2022 A joint virtual mission was held during April 10-12 to review the progress of HEAL2 and HEAL2-AF May, 2022 Regular update meetings which are held every two weeks on matters including the disbursement, procurement of vaccines, and Project financial management. Jun, 2022 Regular update meetings which are held every two weeks on matters including the disbursement, procurement of vaccines, and Project financial management. Jul, 2022 Regular update meetings which are held every two weeks on matters including the disbursement, procurement of vaccines, and Project financial management. Sep, 2022 Regular update meetings which are held every two weeks on matters including the disbursement, procurement of vaccines, and Project financial management. Nov, 2022 Regular update meetings Feb, 2023 Jan-Feb new proposed sites were assessed by ADB, Feb 22, 2023 Project Change discussion for Heal 2 AF and AIIB joined virtually		
Planned Site Visits by AIIB:	May, 2023 There will be regular virtual update meetings		
Current Red Flags Assigned:	2		
Current Monitoring Regime:	Enhanced Monitoring- Level I		
Previous Red Flags	1		

Assigned:	
Previous Red Flags Assigned Date:	2022/10

## 2. Project Summary and Objectives

The Project objective is to support the Government of the Philippines for procurement of eligible COVID-19 vaccines. This Project is supported under AIIB's COVID-19 Crisis Recovery Facility and co-financed with the Asian Development Bank (ADB) for the procurement of vaccines eligible under ADB's Asia Pacific Vaccine Access Facility (APVAX) program. The Parent project of this Project, approved on March 25th 2021, also supports the Government of the Philippines for rapid procurement of eligible COVID-19 vaccines for up to 50 million Filipinos (43.8% of the total population) to be vaccinated against COVID-19 by 2024.

The Project will provide critically needed vaccines to assist the Government of the Philippines in mitigating adverse health, social, and economic impacts caused by the COVID-19 pandemic.

## 3. Key Dates

Approval:	Dec. 16, 2021	Signing:	Dec. 20, 2021
Effective:	Jan. 27, 2022	Restructured (if any):	
Orig. Closing:	Sep. 30, 2024	Rev. Closing (if any):	

## 4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	0.00	Most recent disbursement (amount/date):	
Undisbursed:	250.00	Disbursement Ratio (%) <sup>1</sup> :	0.00

## 5. Project Implementation Update

(HEAL 2) The Parent Project: ADB and AIIB are actively working with the Government of the Philippines to monitor the Project during implementation. AIIB receives regular updates on the Project through joining the bi-weekly meetings together with ADB and the implementing agency. To date, 85.63 million vaccine doses have been procured and received. Among them, 97.89% of procured doses were delivered to the distributed to the regional offices of Department of Health (DOH) for the local vaccination sites and remaining 2.13 million doses were left at the central DOH warehouse. Among those doses that were distributed, total of 69 million doses were administered and a wastage of 2.3 million doses were reported. According to the DOH regional offices, total of 3.1 million doses were left at their warehouses. There are unaccounted doses of 9.1 million doses. DOH is following up on the unaccounted doses. Some of the main causes identified for the unaccounted doses are: (i) un-reported jabs; (ii) improper recording of stock arrivals and transfers; (iii) improper physical count at the provincial and municipality level; and (iv) other expired and waste inventories not recorded. AIIB and ADB will continue to follow up with DOH regarding doses currently stored at the warehouses and further investigate on the unaccounted doses.

Under HEAL 2, following is the disbursement Summary as of March 31st: Disbursed: 295.63 Undisbursed: 4.37 Disbursement Ratio (%): 98.54

<sup>1</sup> Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

(HEAL2 AF) Additional Financing: There have been no procurement of vaccines or disbursement under the additional financing since the Loan became effective. Government is currently finalizing the detailed contents of the restructuring of the HEAL2 AF to propose to ADB and AIIB. The new scope of HEAL 2 AF is expected to expand to support the government in enhancing its health response capacity for future pandemics. Up to USD240 million of the loan (out of USD250 million) proceeds originally planned for COVID-19 vaccine procurement is expected to be restructured to be utilized to enhance response capacity of government health facilities and laboratories in selected regions. The final proposal and the request letter from the government are yet to be received to date.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Procurement of eligible COVID-19 vaccines	<p>(HEAL 2) To date, 85.63 million doses of vaccine were procured, 100% of procured doses were received, and 97.89% of procured doses were delivered to the recipients. Among them 60.5 million doses were administered.</p> <p>The Vaccine Information Management System (VIMS) implementation is progressing and is well underway. The Department of Information Communications Technology (DICT) is actively providing training and support regionally and at contact centers.</p> <p>(HEAL 2 AF) Under discussion for restructuring</p>	<p>The loan is co-financed with ADB as the lead co-financier, and Project's environmental and social (ES) risks and impacts have been assessed in accordance with ADB's Safeguard Policy Statement (SPS). ADB has categorized the Project under its 2009 SPS as Category C for Environment, Involuntary Resettlement, and Indigenous Peoples.</p> <p>(HEAL 2) The distribution and use of COVID-19 vaccines have resulted in a temporary increase in immunization waste generation at the point of use. There had been a delay in finalizing the service provider to collect used COVID-19 vaccine vials and hauling, treatment, and disposal of all COVID-19 vaccination-related wastes. Thus, the Bank has requested DOH to regularly update the progress of waste management. As of March 31, about 47.3% of the total waste has been treated and disposed of. The remaining 52.7 % were stored in storage facilities or safely buried in septic vaults.</p> <p>(HEAL 2 AF) A discussion on rescoping of AF was initiated by the lead co-financier. No significant impacts and risks are anticipated during the operation phase of the new Project components. The Bank will work with the lead co-financier to strengthen the management of the</p>	<p>(HEAL 2) Vaccine procurement has been made through direct procurement by the Government of Philippines with qualified suppliers. The contracts are reviewed by ADB and AIIB before making direct payments to the suppliers, with no-objection letters issued by the ADB.</p> <p>(HEAL 2 AF) Under discussion for restructuring</p>

		<p>Project implementation. A Project grievance redress mechanism will also be established to address possible complaints and concerns of affected people during the Project implementation.</p>	
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**Financial Management:**

The HEAL1 project audit report for FY21 was submitted to ADB with substantial delay. The Commission on Audit (COA) has issued a qualified audit opinion due to various accounting errors/omissions in the Assets and Liabilities account. The HEAL2 audit report is outstanding and following up with ADB. The delay in Audit for HEAL 2 and AF is because there was a delay in the finalization of the audit TOR. The audit got further delayed as it took some time to agree on the non-disclosure agreements with vaccine suppliers.

**6. Status of the Grievance Redress Mechanism (GRM)**

The parent Project's GRM is active, and two environmental complaints were received during the last reporting period.

Both are on waste management: (i) Waste storage facility can easily be accessed by anyone; and (ii) No collection of wastes done by Department of Health (DOH) Central Office since January 2022, leaving no space for storage. There had been a delay in finalizing the service provider to collect used COVID-19 vaccine vials and hauling, treatment, and disposal of all COVID-19 vaccination-related wastes. Thus, the Bank has requested DOH to regularly update the progress of waste management. As of March 31, about 47.3% of the total waste has been treated and disposed of. The remaining 52.7 % were stored in storage facilities or safely buried in septic vaults. The Bank will continue monitoring the situation with the lead co-financier.

**7. Results Monitoring (please refer to the full RMF, which can be found on the last page of this PIMR)**

Details can be found below:

**Remarks:**