PROJECT APPRAISAL DOCUMENT
ON A

PROPOSED INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT LOAN
IN THE AMOUNT OF US$ 100 MILLION
TO
The REPUBLIC OF THE PHILIPPINES
FOR
PHILIPPINES COVID-19 EMERGENCY RESPONSE PROJECT
UNDER THE
COVID-19 STRATEGIC PREPAREDNESS AND RESPONSE PROGRAM (SPRP)
USING THE MULTIPHASE PROGRAMMATIC APPROACH (MPA)
WITH A FINANCING ENVELOPE OF
UP TO US$ 6 BILLION
APPROVED BY THE BOARD ON APRIL 2, 2020

Health, Nutrition & Population Global Practice
East Asia and Pacific Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective {March 31, 2020})

<table>
<thead>
<tr>
<th>Currency Unit</th>
<th>Philippine Peso (Php)</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$ 1</td>
<td>50.98 Php</td>
</tr>
</tbody>
</table>

FISCAL YEAR
January 1 - December 31

Regional Vice President: Victoria Kwakwa
Country Director: Achim Fock
Regional Director: Daniel Dulitzky
Practice Manager: Daniel Dulitzky
Task Team Leader(s): Gabriel Demombynes, Sutayut Osornprasop
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>APA</td>
<td>Alternate Procurement Arrangements</td>
</tr>
<tr>
<td>AWPB</td>
<td>Annual Work Plan and Budget</td>
</tr>
<tr>
<td>BARMM</td>
<td>Bangsamoro Autonomous Region in Muslim Mindanao</td>
</tr>
<tr>
<td>BFP</td>
<td>Bank Facilitated Procurement</td>
</tr>
<tr>
<td>BHS</td>
<td>Barangay Health Station</td>
</tr>
<tr>
<td>BIHC</td>
<td>Bureau of International Health Cooperation</td>
</tr>
<tr>
<td>BTMS</td>
<td>Budget and Treasury Management System</td>
</tr>
<tr>
<td>COA</td>
<td>Commission on Audit</td>
</tr>
<tr>
<td>COVID-19</td>
<td>Coronavirus disease</td>
</tr>
<tr>
<td>CPAP</td>
<td>Continuous Positive Airway Pressure</td>
</tr>
<tr>
<td>CVD</td>
<td>Cardiovascular disease</td>
</tr>
<tr>
<td>DA</td>
<td>Designated Account</td>
</tr>
<tr>
<td>DBM</td>
<td>Department of Budget and Management</td>
</tr>
<tr>
<td>DILG</td>
<td>Department of the Interior and Local Government</td>
</tr>
<tr>
<td>DLI</td>
<td>Disbursement-linked Indicator</td>
</tr>
<tr>
<td>DO</td>
<td>Development Objective</td>
</tr>
<tr>
<td>DOF</td>
<td>Department of Finance</td>
</tr>
<tr>
<td>DOH</td>
<td>Department of Health</td>
</tr>
<tr>
<td>DPCB</td>
<td>Disease Prevention and Control Bureau</td>
</tr>
<tr>
<td>DPF</td>
<td>Development Policy Financing</td>
</tr>
<tr>
<td>DPL</td>
<td>Development Policy Loan</td>
</tr>
<tr>
<td>DRRM-H</td>
<td>Disaster Risk Reduction and Management in Health</td>
</tr>
<tr>
<td>ECMO</td>
<td>Extracorporeal membrane oxygenation</td>
</tr>
<tr>
<td>ECQ</td>
<td>Enhanced Community Quarantine</td>
</tr>
<tr>
<td>EID</td>
<td>Emerging Infectious Disease</td>
</tr>
<tr>
<td>eNGAS</td>
<td>Electronic New Government Accounting System</td>
</tr>
<tr>
<td>ESCP</td>
<td>Environment and Social Commitment Plan</td>
</tr>
<tr>
<td>ESF</td>
<td>Environmental and Social Framework</td>
</tr>
<tr>
<td>ESMF</td>
<td>Environmental and Social Management Framework</td>
</tr>
<tr>
<td>ESRS</td>
<td>Environmental and Social Review Summary</td>
</tr>
<tr>
<td>FDA</td>
<td>Food and Drug Administration</td>
</tr>
<tr>
<td>FI</td>
<td>Financial Intermediaries</td>
</tr>
<tr>
<td>FM</td>
<td>Financial Management</td>
</tr>
<tr>
<td>FMS</td>
<td>Finance Management Service</td>
</tr>
<tr>
<td>F1+</td>
<td>FOURmula One plus</td>
</tr>
<tr>
<td>GAA</td>
<td>General Appropriations Act</td>
</tr>
<tr>
<td>GAM</td>
<td>Government Accounting Manual</td>
</tr>
<tr>
<td>Acronym</td>
<td>Description</td>
</tr>
<tr>
<td>---------</td>
<td>------------------------------------------------------------------</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GOP</td>
<td>Government of the Philippines</td>
</tr>
<tr>
<td>GPPB</td>
<td>Government Procurement Policy Board</td>
</tr>
<tr>
<td>GRS</td>
<td>Grievance Redress Service</td>
</tr>
<tr>
<td>HCI</td>
<td>Human Capital Index</td>
</tr>
<tr>
<td>HEMB</td>
<td>Health Emergency Management Bureau</td>
</tr>
<tr>
<td>HFEPMO</td>
<td>Health Facility Enhancement Program Management Office</td>
</tr>
<tr>
<td>HFSRB</td>
<td>Health Facilities and Service Regulatory Bureau</td>
</tr>
<tr>
<td>IBRD</td>
<td>International Bank for Reconstruction and Development</td>
</tr>
<tr>
<td>IC</td>
<td>Insurance Commission</td>
</tr>
<tr>
<td>ICC</td>
<td>Indigenous Cultural Communities</td>
</tr>
<tr>
<td>IDA</td>
<td>International Development Association</td>
</tr>
<tr>
<td>IDSR</td>
<td>Integrated Disease Surveillance and Response</td>
</tr>
<tr>
<td>IFR</td>
<td>Interim Financial Report</td>
</tr>
<tr>
<td>IHR</td>
<td>International Health Regulations</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>IP</td>
<td>Indigenous People</td>
</tr>
<tr>
<td>IPF</td>
<td>Investment Project Financing</td>
</tr>
<tr>
<td>IRA</td>
<td>Internal Revenue Allotment</td>
</tr>
<tr>
<td>IRM</td>
<td>Interim Reimbursement Mechanism</td>
</tr>
<tr>
<td>JEE</td>
<td>Joint External Evaluation</td>
</tr>
<tr>
<td>LGC</td>
<td>Local Government Code</td>
</tr>
<tr>
<td>LGU</td>
<td>Local Government Unit</td>
</tr>
<tr>
<td>LMIC</td>
<td>Lower-middle income country</td>
</tr>
<tr>
<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
</tr>
<tr>
<td>MPA</td>
<td>Multiphase Programmatic Approach</td>
</tr>
<tr>
<td>NCA</td>
<td>Notice of Cash Allocation</td>
</tr>
<tr>
<td>NCIP</td>
<td>National Commission on Indigenous Peoples</td>
</tr>
<tr>
<td>NOH</td>
<td>National Objectives for Health</td>
</tr>
<tr>
<td>OFW</td>
<td>Overseas Filipino workers</td>
</tr>
<tr>
<td>OHS</td>
<td>Occupational, Health, and Safety</td>
</tr>
<tr>
<td>OIE</td>
<td>World Organisation for Animal Health</td>
</tr>
<tr>
<td>OOP</td>
<td>Out-of-pocket</td>
</tr>
<tr>
<td>OPCEN</td>
<td>Operation Centers</td>
</tr>
<tr>
<td>PAD</td>
<td>Project Appraisal Document</td>
</tr>
<tr>
<td>PDO</td>
<td>Program Development Objective</td>
</tr>
<tr>
<td>PforR</td>
<td>Program for Results</td>
</tr>
<tr>
<td>PITC</td>
<td>Philippine International Trading Corporation</td>
</tr>
<tr>
<td>PMO</td>
<td>Project Management Office has as</td>
</tr>
<tr>
<td>PPE</td>
<td>Personal protective equipment</td>
</tr>
<tr>
<td>PPSD</td>
<td>Project procurement strategy for development</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Description</td>
</tr>
<tr>
<td>--------------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td>PS</td>
<td>Procurement Service</td>
</tr>
<tr>
<td>RHU</td>
<td>Rural health units</td>
</tr>
<tr>
<td>SDG</td>
<td>Sustainable Development Goals</td>
</tr>
<tr>
<td>SEA</td>
<td>Sexual exploitation and abuse</td>
</tr>
<tr>
<td>SEP</td>
<td>Stakeholder Engagement Plan</td>
</tr>
<tr>
<td>SARI</td>
<td>Severe Acute Respiratory Infections</td>
</tr>
<tr>
<td>SOP</td>
<td>Series of Projects</td>
</tr>
<tr>
<td>SPRP</td>
<td>Strategic Preparedness and Response Program</td>
</tr>
<tr>
<td>SSUF</td>
<td>Statement of Uses of Funds</td>
</tr>
<tr>
<td>STEP</td>
<td>Systematic tracking of Exchanges in Procurement</td>
</tr>
<tr>
<td>UHC</td>
<td>Universal health coverage</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UNICEF</td>
<td>United Nations Children’s Fund</td>
</tr>
<tr>
<td>VAC</td>
<td>Violence against women and girls</td>
</tr>
<tr>
<td>WBG</td>
<td>World Bank Group</td>
</tr>
<tr>
<td>WHO</td>
<td>World Health Organization</td>
</tr>
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# BASIC INFORMATION

<table>
<thead>
<tr>
<th>Country(ies)</th>
<th>Project Name</th>
</tr>
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<tbody>
<tr>
<td>Philippines</td>
<td>Philippines COVID-19 Emergency Response Project</td>
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</table>

<table>
<thead>
<tr>
<th>Project ID</th>
<th>Financing Instrument</th>
<th>Environmental and Social Risk Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>P173877</td>
<td>Investment Project Financing</td>
<td>Substantial</td>
</tr>
</tbody>
</table>

## Financing & Implementation Modalities

- [✓] Multiphase Programmatic Approach (MPA)
- [ ] Contingent Emergency Response Component (CERC)
- [ ] Series of Projects (SOP)
- [ ] Fragile State(s)
- [ ] Disbursement-linked Indicators (DLIs)
- [ ] Small State(s)
- [ ] Financial Intermediaries (FI)
- [✓] Fragile within a non-fragile Country
- [ ] Project-Based Guarantee
- [ ] Conflict
- [ ] Deferred Drawdown
- [✓] Responding to Natural or Man-made Disaster
- [ ] Alternate Procurement Arrangements (APA)

<table>
<thead>
<tr>
<th>Expected Project Approval Date</th>
<th>Expected Project Closing Date</th>
<th>Expected Program Closing Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-Apr-2020</td>
<td>29-Dec-2023</td>
<td>31-Mar-2025</td>
</tr>
</tbody>
</table>

**Bank/IFC Collaboration**

No

## MPA Program Development Objective

The Program Development Objective is to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness

## MPA Financing Data (US$, Millions)
Proposed Project Development Objective(s)
To strengthen the Philippines' capacity to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness

Components

<table>
<thead>
<tr>
<th>Component Name</th>
<th>Cost (US$, millions)</th>
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</thead>
<tbody>
<tr>
<td>Strengthening Emergency COVID-19 Health Care Response</td>
<td>82.50</td>
</tr>
<tr>
<td>Strengthening Laboratory Capacity at National and Sub-National Level to Support Emerging Infectious Diseases (EIDs) Prevention, Preparedness, and Response</td>
<td>16.50</td>
</tr>
<tr>
<td>Implementation Management and Monitoring and Evaluation</td>
<td>1.00</td>
</tr>
<tr>
<td>Contingent Emergency Response Component (CERC)</td>
<td>0.00</td>
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</tbody>
</table>

Organizations

Borrower: Republic of the Philippines
Implementing Agency: Department of Health

MPA FINANCING DETAILS (US$, Millions)

<table>
<thead>
<tr>
<th>MPA Program Financing Envelope:</th>
<th>4,147.95</th>
</tr>
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<tbody>
<tr>
<td>Board Approved MPA Financing Envelope:</td>
<td>4,197.05</td>
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<tr>
<td>MPA Program Financing Envelope:</td>
<td>4,147.95</td>
</tr>
<tr>
<td>of which Bank Financing (IBRD):</td>
<td>2,594.80</td>
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<tr>
<td>of which Bank Financing (IDA):</td>
<td>1,553.15</td>
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<tr>
<td>of which other financing sources:</td>
<td>0.00</td>
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</table>

PROJECT FINANCING DATA (US$, Millions)
SUMMARY

<table>
<thead>
<tr>
<th>Total Project Cost</th>
<th>100.00</th>
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</thead>
<tbody>
<tr>
<td>Total Financing</td>
<td>100.00</td>
</tr>
<tr>
<td>of which IBRD/IDA</td>
<td>100.00</td>
</tr>
<tr>
<td>Financing Gap</td>
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</table>

DETAILS

World Bank Group Financing

| International Bank for Reconstruction and Development (IBRD) | 100.00 |

Expected Disbursements (in US$, Millions)

<table>
<thead>
<tr>
<th>WB Fiscal Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
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</thead>
<tbody>
<tr>
<td>Annual</td>
<td>8.00</td>
<td>40.00</td>
<td>35.00</td>
<td>15.00</td>
<td>2.00</td>
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<tr>
<td>Cumulative</td>
<td>8.00</td>
<td>48.00</td>
<td>83.00</td>
<td>98.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

INSTITUTIONAL DATA

Practice Area (Lead)  Contributing Practice Areas
Health, Nutrition & Population

Climate Change and Disaster Screening

This operation has not been screened for short and long-term climate change and disaster risks

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

<table>
<thead>
<tr>
<th>Risk Category</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Political and Governance</td>
<td>Substantial</td>
</tr>
<tr>
<td>2. Macroeconomic</td>
<td>Substantial</td>
</tr>
<tr>
<td>3. Sector Strategies and Policies</td>
<td>Substantial</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>4. Technical Design of Project or Program</strong></td>
<td>Moderate</td>
</tr>
<tr>
<td><strong>5. Institutional Capacity for Implementation and Sustainability</strong></td>
<td>Substantial</td>
</tr>
<tr>
<td><strong>6. Fiduciary</strong></td>
<td>Substantial</td>
</tr>
<tr>
<td><strong>7. Environment and Social</strong></td>
<td>Substantial</td>
</tr>
<tr>
<td><strong>8. Stakeholders</strong></td>
<td>Moderate</td>
</tr>
<tr>
<td><strong>9. Other</strong></td>
<td>Substantial</td>
</tr>
<tr>
<td><strong>10. Overall</strong></td>
<td>Substantial</td>
</tr>
</tbody>
</table>

**Overall MPA Program Risk**

- High

**COMPLIANCE**

**Policy**

Does the project depart from the CPF in content or in other significant respects?

- [ ] Yes  [✓] No

Does the project require any waivers of Bank policies?

- [✓] Yes  [ ] No

Have these been approved by Bank management?

- [✓] Yes  [ ] No

Is approval for any policy waiver sought from the Board?

- [ ] Yes  [✓] No
Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

<table>
<thead>
<tr>
<th>E &amp; S Standards</th>
<th>Relevance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessment and Management of Environmental and Social Risks and Impacts</td>
<td>Relevant</td>
</tr>
<tr>
<td>Stakeholder Engagement and Information Disclosure</td>
<td>Relevant</td>
</tr>
<tr>
<td>Labor and Working Conditions</td>
<td>Relevant</td>
</tr>
<tr>
<td>Resource Efficiency and Pollution Prevention and Management</td>
<td>Relevant</td>
</tr>
<tr>
<td>Community Health and Safety</td>
<td>Relevant</td>
</tr>
<tr>
<td>Land Acquisition, Restrictions on Land Use and Involuntary Resettlement</td>
<td>Not Currently Relevant</td>
</tr>
<tr>
<td>Biodiversity Conservation and Sustainable Management of Living Natural Resources</td>
<td>Not Currently Relevant</td>
</tr>
<tr>
<td>Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities</td>
<td>Relevant</td>
</tr>
<tr>
<td>Cultural Heritage</td>
<td>Not Currently Relevant</td>
</tr>
<tr>
<td>Financial Intermediaries</td>
<td>Not Currently Relevant</td>
</tr>
</tbody>
</table>

**NOTE:** For further information regarding the World Bank’s due diligence assessment of the Project’s potential environmental and social risks and impacts, please refer to the Project’s Appraisal Environmental and Social Review Summary (ESRS).

**Legal Covenants**

**Sections and Description**

**Institutional Arrangements**

**Loan Agreement: Schedule 2, Section I.A.1**

Recurrent, Continuous

The Borrower shall maintain, throughout the Project implementation period, the Project structures at the national and sub-national levels all with composition, functions, staffing and resources satisfactory to the Bank and set out in the Project Operations Manual.

**Loan Agreement: Schedule 2, Section I.A.2**

One month after the Effective Date and Recurrent and Continuous

The Borrower, through DOH, shall appoint, and thereafter maintain, a Project director and a Project manager within the DOH with qualifications and terms of reference satisfactory to the Bank.
Sections and Description
Project Operations Manual
Loan Agreement: Schedule 2, Section I.B
One month after the Effective Date and Recurrent, Continuous
The Borrower shall prepare and adopt a Project Operations Manual, and thereafter ensure that the Project is carried out in accordance with the arrangements and procedures set out in the Project Operations Manual, and not amend, waive or abrogate any provisions of the manual unless the Bank agrees otherwise in writing.

Sections and Description
Annual Work Plans and Budgets
Loan Agreement: Schedule 2, Section I.C
Recurrent, Annual
The Borrower shall prepare and furnish to the Bank for its no-objection no later than October 30 of each fiscal year an annual work plan and budget during the implementation of the Project containing relevant Project activities and expenditures proposed to be included in the Project in the following fiscal year, including a specification of the sources of financing.

Sections and Description
Environmental and Social Standards
Loan Agreement: Schedule 2, Section I.D
Recurrent, Continuous
The Borrower shall ensure that the Project is carried out in accordance with the relevant Environmental and Social Standards and the Environmental and Social Commitment Plan.

Sections and Description
Mid-term Review
Loan Agreement: Schedule 2, Section II.B
Once, 23 months after the Effective Date
Obligation of the Borrower to prepare and furnish to the Bank a mid-term report in form and substance satisfactory to the Bank.
I. PROGRAM CONTEXT

1. This Project Appraisal Document describes the emergency response to the Republic of the Philippines under the COVID-19 Strategic Preparedness and Response Program (SPRP) using the Multiphase Programmatic Approach (MPA), approved by the World Bank’s Board of Executive Directors on March 17, 2020, with an overall Program financing envelope of International Development Association (IDA) US$1.3 billion and of International Bank for Reconstruction and Development (IBRD) US$2.7 billion.¹

A. MPA Program Context

2. An outbreak of the coronavirus disease (COVID-19) caused by the 2019 novel coronavirus (SARS-CoV-2) has been spreading rapidly across the world since December 2019, following the diagnosis of the initial cases in Wuhan, Hubei Province, China. Since the beginning of March 2020, the number of cases outside China has increased thirteenfold and the number of affected countries has tripled. On March 11, 2020, the World Health Organization (WHO) declared a global pandemic as the coronavirus rapidly spreads across the world. As of April 15, 2020, the outbreak has resulted in an estimated 2,008,850 cases and 129,045 deaths.²

3. COVID-19 is one of several emerging infectious diseases (EID) outbreaks in recent decades that have emerged from animals in contact with humans, resulting in major outbreaks with significant public health and economic impacts. The last moderately severe influenza pandemics were in 1957 and 1968; each killed more than a million people around the world. Although countries are now far more prepared than in the past, the world is also far more interconnected, and many more people today have behavior risk factors such as tobacco use³ and pre-existing chronic health problems that make viral respiratory infections particularly dangerous⁴. With COVID-19, scientists are still trying to understand the full picture of the disease symptoms and severity. Reported symptoms in patients have varied from mild to severe, and can include fever, cough and shortness of breath. In general, studies of hospitalized patients have found that about 83% to 98% of patients develop a fever, 76% to 82% develop a dry cough and 11% to 44% develop fatigue or muscle aches⁵. Other symptoms, including headache, sore throat, abdominal pain, and diarrhea, have been reported, but are less common. While 3.7% of the people worldwide confirmed as having been infected have died, WHO has been careful not to describe that as a mortality rate or death rate. This is because in an unfolding epidemic it can be misleading to look simply at the estimate of deaths divided by cases so far. Hence, given that the actual prevalence of COVID-19 infection remains unknown in most countries, it poses unparalleled challenges with respect to global containment and mitigation. These issues reinforce the need to strengthen the response to COVID-19 across all IDA/IBRD countries to minimize the global risk and impact posed by this disease.

4. This project is prepared under the global framework of the World Bank COVID-19 Response financed under the Fast Track COVID-19 Facility, which provided up to US$14 billion in immediate support to assist countries coping with the impact of the global outbreak.

¹ IDA/R2020-0087
B. Updated MPA Program Framework

5. Table 1 provides an MPA Program framework for the Philippines.

<table>
<thead>
<tr>
<th>Phase #</th>
<th>Project ID</th>
<th>Sequential or Simultaneous</th>
<th>Phase’s Proposed DO*</th>
<th>IPF, DPF or PforR</th>
<th>Estimated IBRD Amount ($ million)</th>
<th>Estimated IDA Amount ($ million)</th>
<th>Estimated Other Amount ($ million)</th>
<th>Estimated Approval Date</th>
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Table 1. MPA Program Framework

C. Learning Agenda

6. **The Bank team will develop plans for analytical work related to the project that will be used to inform the project and the broader government response.** The Bank team has been working on forecasts of the pandemic considering various policy scenarios using epidemiological modelling tools, and these forecasts are referred to in the economic analysis section. The Bank team is developing plans to launch a COVID-19 socioeconomic monitoring survey.

1. CONTEXT AND RELEVANCE

A. Country Context

7. **The Philippines is situated in the East Asia and Pacific region, with a population of 107 million spreading across more than 7,000 islands.** These diverse tropical islands are grouped into three geographic areas: Luzon, the Visayas and the large southern island of Mindanao. The population has an annual growth rate of 1.4 percent and 47 percent of the population living in urban areas. The population is relatively young, with a 2018 estimate that only 5 percent of the population is aged 65 years and older. Adult literacy is high (98% in 2015) and the average life expectancy in 2018 was estimated at 71 years.\(^6\)

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\(^6\) Health Financing Systems Assessment for BARMM. DRAFT 2020 World Bank Group provides background to this section.
8. **The Philippines is currently one of Asia’s fastest-growing economies.** Categorized as a newly industrialized country, it is transitioning from one based on agriculture to one based more on services and manufacturing. Since 2010, the Philippines registered its strongest and longest stretch of growth acceleration, becoming one of the best growth performers in the region: growth averaged 6.3 percent in 2010-18, second only to China, among large economies in the East Asia and Pacific region. The Philippines is poised to cross the threshold from lower-middle income country (LMIC) status to upper-MIC status within the next three years. Rapid growth has contributed to poverty reduction, with poverty incidence falling from 26.6 percent in 2006 to 16.6 percent in 2018. During the same period, growth has also been pro-poor. Income growth of households in the bottom 40 percent of the population increased by 2.9 percent compared to the average per capita income, which only rose by 1.6 percent.

9. **The Philippines has a presidential form of government, with the President as head of government and of the State.** A tripartite system of governance distributes the powers of government among three branches: the Executive, the Legislative and the Judiciary. The nation is composed of 17 regions, 81 provinces, 145 cities, 1,489 municipalities and 42,036 barangays (the Filipino term for the smallest administrative division, equivalent to a village, district or ward). Each Local Government Unit (LGU), is headed by a Local Chief Executive – provincial governors, mayors for cities and municipalities, and chairpersons for barangays. In 1991, the enactment of the Local Government Code (LGC) transferred some national government powers and functions, such as the delivery of basic social and health services including health, to LGUs. Each LGU enjoys a certain level of autonomy and is legally entitled to an annual share of the national wealth called the Internal Revenue Allotment (IRA).

10. **The Philippine Development Plan 2017-2022 outlines an aspiring reform agenda with the focus on equitable tax reforms, boosting market competition, and easing of doing business, as well as scaling up public investments to infrastructure and social services.** This Plan has four areas for strategic action: (a) building a prosperous, predominantly middle-class society where no one is poor; (b) promoting a long and healthy life through quality and affordable universal health care and social protection; (c) becoming smarter and more innovative through expansion of skill sets in order to adapt to rapidly changing technology and work requirements; and (d) building a high-trust society, through people-centered, effective, and accountable government. This medium-term plan is anchored on Ambisyon Natin 2040, a 25-year long-term vision adopted by the current administration. Approved in October 2016 by President Rodrigo Roa Duterte, the Ambisyon Natin vision targets a three-fold increase in per capita income by 2040 and envisages the end of poverty in the Philippines.

11. **Despite remarkable progress, the Philippines faces challenges to this development vision.** Income inequality, although declining, remains stubbornly high in the Philippines, one of the highest in the region. Despite the rapid economic growth, the average real wage has been stagnant since 2000, partly driven by a lack of market competition. Geographic and demographic diversity are reflected in inequitable income and access to social services across and within the islands. The geography of poverty reflects the strong nexus between poverty and vulnerability, both to conflict and to the impacts of natural hazards and climate change. The latest Global Terrorism Index ranked the Philippines as one of the top 10 countries affected by fatal terrorist attacks. Poverty rates increase with distance from Metro Manila. While under 5 percent of the population in Metro Manila falls below the national poverty line, the highest poverty rates—exceeding 50 percent of the population—are in two areas: (i) conflict-affected areas of western Mindanao and islands of the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) and (ii) disaster-prone provinces in
the Eastern Visayas region. The largest share of the poor live in Mindanao, home to roughly 25 percent of the country’s population but 39 percent of the poor.

12. **Due to its geographical location, the Philippine archipelago is at high risk from a range of natural disasters.** The Philippines has been identified as the third most vulnerable country in the world to weather-related extreme events and sea-level rise. The main hazards in the Philippines include typhoons, floods, earthquakes, and volcano eruptions. Typhoon Yolanda (Haiyan), which was the strongest typhoon ever recorded, hit the Philippines in 2013 and reportedly cost about Php571.1 billion in total damage (US$ 12.9 billion) and had a devastating impact on public infrastructure, including roads, hospitals and school buildings.

13. **The Philippine population is expected to reach nearly 140 million by 2040, with the working age population (15-64 years) set to increase to 66 percent of the population compared to 8 percent over age 65 by that time.** However, current trends reveal mixed human capital outcomes that undermine the wellbeing and productivity of current and future generations. The Philippines ranked 84th out of 157 countries in the WBG Human Capital Index (HCI), which captures the impact of human capital on future growth prospects. The national HCI for the Philippines (0.55) indicates that the future productivity of a child born today in the Philippines will be 45 percent below what could have been achieved with complete education and full health.

14. **The Philippines moved aggressively to mitigate the COVID-19 epidemic at an early stage when confirmed cases were still at a very low level.** The President declared the whole Philippines under a State of Calamity for a period of six months from March 16 and imposed an Enhanced Community Quarantine (ECQ) throughout the island of Luzon (which includes Metro Manila) from March 17 to 13 April, which is extended until 30 April. On March 24, 2020, the Congress passed the Bayanihan To Heal As One Act (Republic Act No. 11469) which declares a national emergency due to COVID-19, and grants the President expanded powers to adopt measure to prevent and suppress the spread of COVID-19 for three months. The Act also authorizes the Executive branch to reallocate and realign savings from the national budget as well as from government corporations. The number of confirmed COVID-19 cases has continued to increase rapidly. After ramping up testing capabilities, current testing capacity is approximately 1,000 per day. As of April 19, 2020, there have been 6,259 confirmed cases and 409 deaths. Confirmed cases stretch across the age distribution, with a larger share among those age 50 and above, and 57% are male (Figures 1 and 2). The epicenter of COVID-19 is Metro Manila, which accounts for 72.6% of confirmed cases. In the COVID-19 Situation Report for the Philippines, the WHO notes that hospitals have faced shortages of Personal Protective Equipment and ventilators.
B. Sectoral and Institutional Context

15. **As a lower middle-income country, the Philippines exemplifies the challenges of a health system in transition.** The country faces the epidemiological transition from communicable to non-communicable diseases. While the Philippines has comprehensive health strategies and policies developed at the national level, these are not effectively mirrored in local-level program implementation. Coverage of basic health programs lags well behind what would be expected of a country of the Philippines’ level of economic development, with immunization coverage at its lowest point in ten years, poor (but improving) access to maternal health outcomes, and high levels of malnutrition for a middle-income country. The current health system is ill-equipped to manage rising burden of chronic, non-communicable diseases. At the same time, “traditional” threats – such as vaccine preventable diseases – continue to contribute significantly to the burden of disease. One contributing factor is the highly fragmented and devolved health financing and service delivery arrangements, which results in many variations in program coverage across provinces and municipalities, and unpredictability insufficiency of financing from year to year at the local level. In addition, health care is predominantly hospital-based with emphasis on curative care. The weak primary care system is generally under-resourced and there is also considerable geographic variation in access to care.  

16. **Government expenditure on health as a share of GDP is low by global standards, with high out-of-pocket spending (OOP) on health.** OOP spending on health, predominantly for pharmaceuticals, constitutes two-thirds of total health spending, and shows no sign of declining. However, the rapid expansion of enrollment under fully subsidized health insurance from 5.2 million to 14.7 million poor families (funded in part by revenues from the Republic Act No. 10351 or the Sin Tax Reform Law) promises to bring much-needed financial protection – if accompanied by efforts to ensure awareness of benefits, expansion of the benefit package, and efficiency in health service purchasing. Health service delivery in BARMM faces a significant challenge due to the fragile political situation and security context. Consequently, health outcomes in BARMM are significantly worse than the rest of the country.

17. **The Philippines has a mixed public-private healthcare system that operates within a fragmented environment.** The private sector caters to only about 30 percent of the population but is larger than the public system in terms of financial resources and staff. It provides healthcare that is generally paid through user fees at point of service. About 65 percent of the 1,224 hospitals in the country in 2016 were private.

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7 Health Financing Systems Assessment for BARMM. DRAFT 2020 World Bank Group provides background to this section.
8 (Oxford Business Group, 2018). Find and check original reference from HIT
9 DOH-HFSRB, 2016
Both the national government and LGUs manage the delivery of promotive, preventive, curative and rehabilitative health services. The DOH supervises the government corporate hospitals, specialty and regional hospitals while the Department of National Defense runs military hospitals. Both agencies provide tertiary care. At the local level, the provincial governments manage district and provincial hospitals. Meanwhile, municipal governments provide primary care including preventive and promotive health services and other public health programs through the rural health units (RHUs) and Barangay health stations (BHS), which are intended to be the first point of contact for government-provided health services.

18. **Enactment of the Local Government Code (LGC) in 1991 led to dual governance in health, with the Department of Health (DOH) governing at the national level and the LGUs at the subnational level.** The DOH serves as the overall steward and technical authority on health, being the national health policy-maker and regulatory institution. It is mandated to develop national plans, technical standards, and guidelines on health. It is also in charge of licensing hospitals, laboratories and other health facilities through the Health Facilities and Service Regulatory Bureau (HFSRB), and health products through the Food and Drug Administration (FDA). PhilHealth automatically accredits DOH licensed facilities. Meanwhile, the Insurance Commission (IC) regulates and supervises the operations of private insurance companies, and since 2015, of health maintenance organizations as well, except PhilHealth. The DOH also coordinates government, private sector and development partner assistance on health and leverages funds for improved health performance. The LGUs, on the other hand, are responsible for the delivery of primary and secondary health services at the subnational level. LGUs prepare plans, as well as manage, finance and implement local health programs and services. The local health board, which consists of elected and appointed members, exercises advisory powers, planning authority and responsibility for health services.\(^\text{10}\)

19. **PhilHealth plays an essential role in establishing the quality standards for facilities, as there are no licensing requirements for the rural health units (RHUs) in the Philippines.** While individual health programs supported by the national DOH establish basic requirements of care, they exist as unfunded mandates and lack enforcement mechanisms. By contrast, PhilHealth circulars often provide a detailed accounting of the infrastructure and service standards required for accreditation. As facilities must be accredited to be included in PhilHealth's network, PhilHealth is well positioned to implement effective quality controls to the health sector by expanding and enforcing its accreditation requirements. The agency's strategy of accrediting facilities for specific services lowers the bar for accreditation and helps expand the number of accredited facilities in the short run—an important factor in access to care. Facilities can be authorized to deliver services for which they have sufficient capacity while building up readiness to provide more complex care. As conditions improve, the RHUs can apply for accreditation for additional services.

20. **The total hospital bed capacity of the country is 101,688 beds, with government hospital beds accounting for 47 percent (47,371) and private hospital beds for 53 percent (54,317) of total hospital bed capacity.** On average, one hospital bed served 1,010 people in 2016, which was almost the same as the DOH recommended ratio of one hospital bed per 1,000 population, though it still indicated a gap of 1,022 hospital beds. Human resources in health occupying permanent plantilla positions at the local level remained generally insufficient to serve the needs of the country in 2016. Scarcity of government’s human resources in health is most palpable in ARMM, Davao, Zamboanga Peninsula and Calabarzon.\(^\text{11}\)

\(^{10}\) (Kelekar & Llanto, 2013). Find and check original reference from HIT

21. **The Philippine Health Agenda (2016-2022) and FOURmula One plus (or F1+) for Health** set an ambitious reform plan with the aim to achieve universal health coverage (UHC), and to assure financial risk protection and good health outcomes for the population. The Agenda focuses on guaranteeing all Filipinos equitable geographic and financial access to a comprehensive range of quality health services across different levels of care (upon first contact with the health care system). The National Objectives for Health 2017-2022 (NOH) issued by DOH provide the medium-term roadmap for the Philippines towards achieving UHC. These define the objectives, strategies and targets of the DOH F1 Plus for Health, under the following health system pillars: financing, service delivery, regulation, governance and performance accountability. The DOH has also prioritized its health financing direction to guarantee universal access to comprehensive care at the primary care level and continuity of care through referral.

22. **Republic Act No. 11223**, known as the Universal Health Care (UHC) Law, seeks to enroll every Filipino in the National Health Insurance Program, providing access to the entire spectrum of health care services. To generate additional tax revenues to finance its growing health investment needs, the Philippine government passed Republic Act No. 10351 in 2013, known as the Sin Tax Reform Law, which increased the excise tax rates on tobacco and alcohol products, the revenues of which were used primarily to finance the government’s Universal Health Care program. In its first year of implementation, excise tax collections on alcohol and tobacco increased from 0.5 percent of GDP in 2012 to 0.9 percent of GDP in 2013, increasing to 1.2 percent of GDP in 2017. The Act also proposes to consolidate the majority of public health financing around PhilHealth, thereby reducing the fragmentation of public health financing systems and strengthening PhilHealth as a key strategic purchaser in the health sector. The stated objectives of the UHC Law are to a) Progressively realize universal health care in the country through a systemic approach and clear delineation of roles of key agencies and stakeholders towards better performance in the health system and b) Ensure that all Filipinos are guaranteed equitable access to quality and affordable health care goods and services and protected against financial risk. Key features of the Act encompass financing, service delivery, the local health system, regulation, and governance and accountability.

23. **High population mobility (mainly due to travel or tourism and economic activities), climate change, rapid urbanization and weak surveillance systems** make the Philippines susceptible to the threats of emerging and reemerging diseases. The DOH developed Preparedness and Response Plans for the prevention and control of such diseases such as the Middle East Respiratory Syndrome-coronavirus (MERS-CoV) – a viral respiratory infection known as camel flu, and the Ebola Virus Disease from Africa. Interim guidelines were developed to: (i) ensure inter-agency coordination on the prevention or minimization of entry and spread of the disease; (ii) provide procedures for isolation, case management and infection control; (iii) establish disease surveillance and reporting; (iv) ensure health security of overseas Filipino workers (OFWs) in affected countries; (v) ensure the health security of Filipino UN peacekeepers; and (vi) conduct risk assessment for the disease in the deployment of OFWs.

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12 Otherwise known as An Act of Instituting Universal Health Care for All Filipinos, Prescribing Reforms in the Health Care System, and Appropriating Fund Thereof
13 Broken down as follows: Tobacco excise taxes (0.3 percent of GDP) and alcohol excise taxes (0.2 percent of GDP) in 2012.
14 Broken down as follows: Tobacco excise taxes (0.6 percent of GDP) and alcohol excise taxes (0.3 percent of GDP) in 2013.
15 Broken down as follows: Tobacco excise taxes (0.8 percent of GDP) and alcohol excise taxes (0.4 percent of GDP) in 2017.
24. While the Philippines has developed capacities in selected public health emergency preparedness and response areas, there are still major capacity gaps in the core capacities of International Health Regulations, as illustrated by the Joint External Evaluation of IHR core capacities (JEE) conducted in September 2018. In particular, there are challenges in achieving a harmonized approach for implementation of IHR, which require effective coordination between national and local levels and among sectors, and investments in capacities. Furthermore, there are significant gaps in capacities in the following technical areas: antimicrobial resistance, laboratory, surveillance, food safety, biosafety/biosecurity, immunization, as well as emergency preparedness. Regarding laboratory and surveillance, there is a need to improve testing capacity and standards as well as to strengthen surveillance and reporting system, particularly between LGUs, regional, and national levels, with a focus on quality and timeliness. There is also a need to prioritize the distribution of resources for public health emergency preparedness based on needs, particularly at the LGU levels.

25. The Philippines is developing the Inter-Agency National Contingency Plan for COVID-19. The draft plan outlines the tools to mount a full-scale, whole-of-government response to address COVID-19. The plan details the roles and responsibilities of relevant agencies in both public and private sectors, including civil society organizations, while harmonizing available resources and synchronizing existing policies, and looks at the access of support from other sources. The draft plan covers multi-sectoral response dividing into the following clusters: (i) Health; (ii) Governance; (iii) Law and Order; (iv) Economy; (v) Logistics; (vi) International Humanitarian Assistance and Inter-Governmental Relations Cluster; (vii) Crisis Communication; (viii) Management of the Dead Cluster; (ix) Food and Non-Food Items Cluster. Objectives of each cluster along with roles and responsibilities of lead agency and supporting agencies are outlined in the plan. The objectives of the health cluster are (i) To ensure the protection of health care providers, frontliners and the general public; (ii) To reduce preventable mortalities and further morbidities resulting from COVID-19. The draft plan was costed at 691,283,000 USD which only included estimates for PPE, laboratory supplies, medicines and patient meals. The plan is currently being updated.

26. The DOH, LGUs, and many development partners have contributed to COVID-19 health sector response efforts. The DOH, in close collaboration with LGUs, has taken the lead in surveillance, laboratory, case detection, case confirmation, reporting, and risk communication. At the local level, LGUs have taken the lead in conducting contact tracing, social distancing measures and providing food to vulnerable groups. Development partners have also contributed financially and technically to the health sector response to COVID-19. ADB, the Global Fund, Government of Australia, UNDP, UNFPA, UNICEF, USAID, WHO, and the private sector have so far contributed US$ 34.5 million in grant to DOH to support risk communication, laboratory, surveillance, infection prevention and control, case management, personal protective equipment (PPE), etc. Nevertheless, there is still a large financing gap, particularly in covering health care response, providing medical equipment and supplies, enhancing isolation and quarantine facilities, and strengthening laboratory capacity. The World Bank, through this project, will provide US$ 100 million in loan to address these key gaps, complementing the support in the above-mentioned areas that are provided by other development partners.

27. PhilHealth also contributed to the COVID-19 response and assured that it will shoulder the medical expenses of all COVID-19 patients admitted in the hospital.\textsuperscript{17} Moreover, PhilHealth is releasing an initial Php 30 billion to accredited hospitals to help them respond to the onslaught of COVID-19 in the country.

\textsuperscript{17} Manila Bulletin, 2020.
The move utilizes its interim reimbursement mechanism (IRM) which will provide health care providers with the much-needed liquidity to adequately respond to the pandemic (PhilHealth, 2020).

28. **Beyond the health sector, the Department of Social Welfare and Development prepares for Social Amelioration Package to provide subsidy to 18,000,000 vulnerable families.** Moreover, all law enforcement agencies, with the support of the Armed Forces of the Philippines, are directed to implement measures to ensure peace and order in affected areas. The business sector donates disinfectant ethyl alcohol, face masks, and PPE. The group also adopted measures such as work from home; advanced 13th month pay; continuation of salaries and benefits for all employees. Due to mass suspension of public transportation operations, the Department of Transportation provided vehicles to transport health workers from residence to health facilities.

C. **Relevance to Higher Level Objectives**

29. **The project is aligned with World Bank Group strategic priorities, particularly the WBG’s mission to end extreme poverty and boost shared prosperity.** The Program is focused on preparedness which is also critical to achieving Universal Health Coverage. It is also aligned with the World Bank’s support for national plans and global commitments to strengthen pandemic preparedness through three key actions under Preparedness: (i) improving national preparedness plans including organizational structure of the government; promoting adherence to the International Health Regulations (IHR); and utilizing international framework for monitoring and evaluation of IHR. The economic rationale for investing in the MPA interventions is strong, given that success can reduce the economic burden suffered both by individuals and countries. The project complements both WBG and development partner investments in health systems strengthening, disease control and surveillance, attention to changing individual and institutional behavior, and citizen engagement. The project contributes to the implementation of IHR (2005), Integrated Disease Surveillance and Response (IDSR), and the World Organisation for Animal Health (OIE) international standards, the Global Health Security Agenda, the Paris Climate Agreement, the attainment of Universal Health Coverage and of the Sustainable Development Goals (SDG), and the promotion of a One Health approach.

30. **The WBG remains committed to providing a fast and flexible response to the COVID-19 epidemic, utilizing all WBG operational and policy instruments and working in close partnership with government and other agencies.** Grounded in One-Health, which provides for an integrated approach across sectors and disciplines, the proposed WBG response to COVID-19 will include emergency financing, policy advice, and technical assistance, building on existing instruments to support IDA/IBRD-eligible countries in addressing the health sector and broader development impacts of COVID-19. The WBG COVID-19 response will be anchored in the WHO’s COVID-19 global Strategic Preparedness and Response Plan (SPRP) outlining the public health measures for all countries to prepare for and respond to COVID-19 and sustain their efforts to prevent future outbreaks of emerging infectious diseases.

31. **The Project also supports the Specific Objective #4 in the Philippines’ National Objectives for Health 2017-2022 that strives to increase access to quality essential health products and services.** This includes working
toward a resilient health system that has the capacity to absorb, adapt and transform when exposed to a shock such as pandemics, natural disasters or armed conflict and still retain the same control on its structure and functions. The plan is to capacitate local government units to enable communities to be the prime mover of Disaster Risk Reduction and Management in Health (DRRM-H), which will be institutionalized in all levels of governance by: (1) developing and implementing DRRM-H plans, (2) organizing trained and equipped health emergency response teams, (3) ensuring availability and accessibility of health emergency commodities, and (4) ensuring functionality of Operation Centers (OPCEN).18

2. PROJECT DESCRIPTION

A. Development Objectives (DO)

The Project objectives are aligned to the results chain of the COVID-19 Strategic Preparedness and Response Program (SPRP).

Project DO statement: To strengthen the Philippines' capacity to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness.

PDO level indicators:

- Percentage of hospitals with personal protective equipment and infection control products and supplies according to DOH requirements, without stock-outs in preceding one month;
- Percentage of designated laboratories with COVID-19 diagnostic equipment, test kits, and reagents, without stock-outs in preceding one month;
- Number of acute healthcare facilities with isolation capacity according to DOH established standards (Number)

B. Project Components

32. Component 1: Strengthening Emergency COVID-19 Health care Response (Total US$ 82,500,000): The aim of this component is to strengthen essential health care service delivery system to be able to respond to a surge in demand as a result of anticipated rise in the number of COVID-19 cases in the coming months. As COVID-19 will place a substantial burden on inpatient and outpatient health care services, support will be provided to equip selected health facilities prioritized by DOH for the delivery of critical medical services and to cope with increased demand. Health system strengthening efforts will therefore focus on provision of medical and laboratory equipment, PPE, medical supplies as well as essential inputs for treatment such as oxygen delivery systems and medicines to selected hospitals and health facilities. Local containment will be supported through the establishment of local temporary isolation units. The component will also finance requirements of infrastructure of quarantine facilities. It is anticipated that any construction involved under this component will be conducted at existing facilities, and that no new land acquisition or involuntary

resettlement are expected. This component also supports the Department of Health in preparing a guidance note on standard design for hospital isolation and treatment centers to manage Severe Acute Respiratory Infections (SARI) patients that will be used in health facilities across the country to ensure standard and quality of COVID-19 health care services. The component has three sub-components.

(a) **Sub-component 1.1. Provision of medical and laboratory equipment and reagents** (US$ 43,200,000): This sub-component will support selected DOH hospitals and provincial hospitals with laboratory equipment (e.g. Polymerase Chain Reaction machines), test kits, reagents, as well as to upgrade diagnostics and treatment of COVID-19 infection capacity through procurement of such intensive care unit equipment and devices as mechanical ventilators, cardiac monitors, portable x-ray, Extracorporeal membrane oxygenation (ECMO) machine; Portable Oxygen Generator machine, Continuous Positive Airway Pressure (CPAP). The sub-component will also support provision of oxygen, emergency beds, laboratory reagents and waste management facilities. This subcomponent will also support short trainings on use of equipment, devices, and tests for health providers and technicians, and to support the necessary logistics and supply chain to ensure that the equipment will reach frontline health facilities without delays.

(b) **Sub-component 1.2. Provision of medical supplies, including Personal Protective Equipment (PPE), medicines, and ambulance** (US$ 16,300,000): This subcomponent will support the health system with supplies including PPE such as masks, goggles, gloves, gowns, etc. It will also support medical counter measures and medical supplies for case management and infection prevention, as well as procurement of drugs such as antivirals, antibiotics and essential medicines for patients with co-morbidity and complications such as CVDs and diabetes. This subcomponent will also support short trainings on use of medical supplies for health providers and technicians as needed, and to support the necessary logistics and supply chain to ensure that the medical supplies and PPE will reach frontline health facilities without delays. Small part of this sub-component may also support ambulance vehicles to address COVID-19 response, as needed.

(c) **Sub-component 1.3. Enhancing isolation/quarantine facilities** (US$ 23,000,000): This sub-component will support the establishment, construction, retrofitting/refurbishment of quarantine facilities in major points of entry, increase number of regular isolation rooms in DOH and provincial hospitals as well as establishment of negative pressure isolation rooms in DOH and provincial hospitals. It will also support setting up of first line decontamination facilities in international airports (holding areas) as well as establishing isolation tents for triaging in health facilities.

33. **Component 2: Strengthening laboratory capacity at national and sub-national level to support Emerging Infectious Diseases (EIDs) Prevention, Preparedness, and Response** (Total US$ 16,500,000): The component will support the establishment of national reference laboratories as well as selected subnational and public health laboratories. It will include improving, retrofitting and refurbishing national reference

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19 Laboratory support under Sub-Component 1.1 is short-term and includes PCR machines and test kits for selected DOH hospitals and provincial hospitals. Component 2 supports strengthening of reference laboratories at both national and sub-national levels to address EIDs in the short and medium term.
laboratory – Research Institute for Tropical Medicine (RITM) as well as six sub-national and public health laboratories in Baguio, Cebu, Davao, Surigao City, and Manila. The sub-component may also support constructing and expanding laboratory capacity in priority regions that currently do not have necessary laboratory capacity. The sub-component will also support necessary laboratory equipment, laboratory supplies, reagents, as well as capacity building for relevant laboratory staff. It is anticipated that any construction involved under this component will be conducted at existing facilities, and that no new land acquisition or involuntary resettlement are expected.

34. **Component 3: Implementation Management and Monitoring and Evaluation (Total US$ 1,000,000):**

**Project Management.** The component will support the Department of Health (DOH) as the implementing agency of the project. DOH will be responsible for the coordination, management, and implementation of the project at the national and sub-national levels, financial management and procurement. The project will be implemented through mainstream DOH processes and will not involve a parallel project implementation unit or secretariat. This will be strengthened by the recruitment of additional staff/consultants responsible for overall administration, procurement, and financial management under country specific projects. To this end, project would support costs associated with project coordination, management, and implementation. This component will also support costs related to the management of environmental and social risks under the Bank’s Environmental and Social Framework, including the implementation of Environmental and Social Management Framework (ESMF) and relevant stakeholder engagements.

**Monitoring and Evaluation (M&E).** This component would also support monitoring and evaluation of project implementation, prevention and preparedness, building capacity for clinical and public health research, and joint-learning across and within countries. As may be needed, this component will also support third-party monitoring of progress and efficient utilization of project investments.

35. **Component 4: Contingent Emergency Response Component (CERC) (US$0):** In the event of an Eligible Crisis or Emergency, the project will contribute to providing immediate and effective response to said crisis or emergency. A zero-value component has been included to ensure funds can be deployed through the project depending on the specific needs that may arise.

Table 2 illustrates the summary project costs

<table>
<thead>
<tr>
<th>Component 1: Strengthening Emergency COVID-19 Health care Response</th>
<th>Total (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-component 1.1 Provision of medical and laboratory equipment and reagents</td>
<td>43,200,000</td>
</tr>
<tr>
<td>Sub-component 1.2 Provision of medical supplies, including Personal Protective</td>
<td>16,300,000</td>
</tr>
</tbody>
</table>

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20 Subnational and public health laboratories include (i) Lung Center of the Philippines (QC); (ii) San Lazaro Hospital (Manila); (iii) Baguio General Hospital (Baguio); (iv) Vicente Sotto Memorial Medical Center (Cebu); (v) Caraga Regional Hospital (Surigao City); (vi) Southern Philippines Medical Center (Davao).
C. Project Beneficiaries

36. The expected project beneficiaries will be the general population, including infected people, at-risk populations, particularly the elderly and people with chronic conditions, medical and emergency personnel, medical and testing facilities, and public health agencies engaged in the response.

3. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

37. Department of Health (DOH) will be the implementing agency for the Project. The DOH will appoint a Project Director (Undersecretary level), and a Project Manager (Director level). The Project Director and Project Manager will be acting through DOH’s technical departments and national programs, as well as the regional health units, LGUs, referral hospitals, and health centers. Within the DOH, the Project will be implemented through the Bureau of International Health Cooperation (BIHC), Health Facility Enhancement Program Management Office (HFEPMO), Disease Prevention and Control Bureau (DPCB), Health Emergency Management Bureau (HEMB), Procurement Service (PS), Finance Management Service (FMS), and relevant units, with BIHC as the main project focal point. The project implementation will use mainstream DOH processes and will not involve a parallel project implementation unit or secretariat. However, the DOH will assign officials who will be in charge of project implementation. The project will have a provision to strengthen DOH units’ capacity and skills through additional consultants or advisors. Additional consultants or advisors will be recruited with an aim to strengthen the overall fiduciary, ESF functions as well as to
support implementation of project activities. DOH will also ensure effective implementation at the sub-national levels and close coordination with relevant LGUs.

38. **The guiding documents for the Project will be an updated Project Operational Manual, including standard project fiduciary, environmental and social risk management, implementation, and M&E requirements, as well as relevant official documents to be developed.** In addition, Annual Work Plan and Budget (AWPB) will be submitted for no-objection to the World Bank no later than October 30 of each year, detailing the project work program and budget for each government fiscal year and specifying the allocation and sources of funding for all project components.

39. **Funds flow and accountabilities for financial reporting.** The DOH will adopt the existing institutional structure to carry out the project’s Financial Management (FM) and disbursement functions. Capacity of the Administration and Financial Management Team of DOH in managing the World Bank financed projects is adequate provided the mitigating measures are implemented. The disbursement methods available for the project will be reimbursement, advances, special commitment, and direct payments. Given the emergency nature of the project, it is recommended that direct payments be used as much as possible to facilitate faster payments to suppliers. For the use of the advance (designated account), Designated Accounts (DA) in US$ and PHP at the Land Bank of the Philippines will be maintained by DOH to receive funds from the World Bank and to make payment for eligible expenditures (details under the FM section). DOH is responsible for submitting a six-month interim unaudited financial report, starting from the first semester following the project’s first disbursement, to the World Bank no later than 45 days after semester-end and annual audited financial statements no later than 6 months after the end of each calendar year.

40. **While the DOH had limited experiences working on Bank operations in recent years, lessons learned from previous projects could guide DOH to avoid past challenges in future projects.** The last two health projects in the Philippines were National Sector Support for Health Reform (2006-2012) and Women’s Health and Safe Motherhood Project (2005-2013). The support from the first project led to an increase in the coverage of PhilHealth, from 13.6 million poor receiving subsidized coverage in 2007 to 31.4 million in 2013. This, in turn, contributed to the increased use of health services by the poor. The second project led to a large increase in the number of facility-based deliveries. However, there were key implementation challenges faced by both projects, including slow implementation by DOH, delays in delivery of key reports, limited support to LGUs. The implementation of the second project was so slow that only 18 percent of funds were disbursed in the first five years of the project. At project closing, 35 percent of project funds were not used and had to be cancelled. These provide important lessons learned for DOH to avoid similar challenges in future projects.

B. **Results Monitoring and Evaluation Arrangements**

41. **The project implementation team at DOH will be responsible for monitoring and evaluation activities for the project, including:** (i) collecting and compiling all data relating to their specific suite of indicators; (ii) evaluating results; (iii) providing the relevant performance information and reporting results to the World Bank immediately prior to each semiannual supervision mission. Each unit will perform its functions in accordance with the methodology prescribed in its respective project implementation manual, and each shall appoint a project-funded M&E technical expert.
42. **Supervision and implementation support**: An experienced World Bank team of health, operational, and fiduciary specialists will provide day-to-day implementation support to DOH. Implementation support missions will be carried out on a regular basis and will include relevant partners.

C. **Sustainability**

43. **The sustainability of the project would largely depend on the capacity of the implementing agencies and the specific activities.** The focus of some of the project activities on training and capacity building will further enhance the sustainability of the project. The outcomes of the project related to strengthening laboratory capacity (informed by the COVID-19 immediate response) will be a sustainable impact of the project. This would help the health sector to effectively respond to any future pandemics.

4. **PROJECT APPRAISAL SUMMARY**

A. **Technical, Economic and Financial Analysis**

44. **The COVID-19 outbreak clouds an already fragile global economic outlook and can further set back gains in poverty alleviation, in addition to the population health impacts already observed in the countries impacted by the outbreak.** Potential tightening of credit conditions, weaker growth, and the allocation of public resources to fight the outbreak are likely to reduce governments’ ability to invest in other sectors. Low-income and lower middle-income countries are expected to feel the impact strongly, as current estimates suggest that a one percent decline in developing country growth rates traps an additional 20 million people into poverty.

45. **The outbreak weighs on economic activity through both demand and supply channels.** On the demand side, activities involving interactions between people are reduced in efforts to prevent transmission of the virus. On the supply side, prevention measures, such as country lockdown as well as factory closures, have significantly disrupted production of tradable and non-tradable goods around the world.

46. **The direct impact of the COVID-19 outbreak in terms of human lives is expected to be profound.** A study by a research team at Imperial College London projected the impacts under a variety of assumptions and mitigation scenarios. For the Philippines, the study projected the total number of deaths over the course of the pandemic to be 167,000-412,000. The total number of individuals requiring hospitalization is projected to be 1.4-2.5 million. Separate calculations by a World Bank team using a model developed by the University of Basel show roughly similar figures.

47. **Simple calculations imply the project will be highly desirable in cost-benefit terms.** All of the project’s interventions are expected to save lives by improving the quality of care of COVID-19 patients and reducing the number of infections. A rough estimate is that taken as a whole the measures under the project will reduce overall deaths by 10%. Taking the lower end of the range of deaths projected by Imperial College London, this implies that the project would save 16,702 lives, which would principally otherwise have been lost in 2020. An extremely approximate but conservative estimate of the value of a statistical life in the Philippines in economic terms can be found by multiplying GDP per capita (US$3,319 in 2019) by 10 years of remaining working life, yielding $33,190. These figures yield total benefits under the project of US$500
million, generating an overall benefit-cost calculation of 5-to-1. More thorough calculations applying a discount factor to the value of lives saved in the future or assuming a lower number of lives saved would yield a benefit-cost ratio that is smaller but still exceeding one under even much more conservative assumptions.

B. Fiduciary

Financial Management

The Project will be implemented using the GOP and DOH’s FM systems as the basis for budgeting, accounting, internal controls, financial reporting and auditing.

48. **Planning and budgeting.** The Project will follow the Government’s budgeting principles as per guidelines from the Department of Budget and Management (DBM). Budget proposals are prepared annually by DOH and submitted to the DBM for review. The annual budget of the Agency is included in the annual General Appropriations Act (GAA) which has to be approved by Congress. DOH has a Budget Division responsible for the preparation and monitoring of the Agency Budget. The DOH will finalize the project components and DOH FMS to ensure appropriate budget cover for the project. Close coordination with DOF and DBM is necessary for the first year of operation to ensure that timely and proper budget realignments for the first year are expedited. The DOH shall furnish to the Bank, for review and approval not later than October 30 of each year during the implementation of the Project (or such later date as the Bank may agree), an Annual Work Plan and Budget (AWPB) for the Project containing relevant Project activities and expenditures proposed to be included in the Project in the subsequent year.

49. **FM staffing.** Currently, FM staff of DOH is limited and will have capacity constraints to handle the project. The Project shall ensure enough government FM staff for a full-functioning FM team to carry out the day-to-day FM and disbursement tasks and to ensure that controls and procedures in the FM are adhered to. A DOH FM personnel will be assigned to look after the project and to support DOH in managing the project account, a full-time FM consultant or support staff may be engaged to carry out day-to-day FM tasks when the DOH staff are overloaded with other work. A provision for additional FM personnel support will be assessed during the project implementation as and when it is necessary.

50. **Accounting policies and procedures and internal control.** DOH conforms to the Government Accounting Manual (GAM) and is using eNGAS system for bookkeeping purposes. The agency is also targeting the rollout of Budget and Treasury Management System (BTMS) during the year. However, it is to be noted that due to the unintegrated systems, DOH needs a lot of manual intervention to prepare financial reports. The FMS unit has servers for financial data and back-ups are done on a regular basis. Due to the audit findings noted by the auditors in prior year financial statements, separate books of account will be maintained for the project. In addition, FM training on Bank policies and procedures will be provided to DOH.

51. **External auditing.** The Commission on Audit (COA), being the Supreme Audit Institution of the country is performing the external audit of DOH’s financial reports. The scope of the audit shall include a review of the designated account and eligible expenses to be conducted on an annual basis and submitted to the Bank six months after the end of each calendar year. The financial statements of the DOH have been
prepared in accordance with state accounting principles and standards. Review of prior period audit reports showed that the financial statements of DOH were given a qualified opinion by the auditors in the previous years. Due to the qualified opinion and audit findings in the agency financial reports, any audit findings noted by COA on the project financial statements should be resolved within six months after receipt of the audit report.

52. **Oversight and monitoring arrangements.** FM implementation review shall be undertaken twice a year during project implementation to ensure that the loan proceeds are used for the purpose it was granted, which may take at the most two weeks. The scope of the supervision is left to the professional judgment of the FM specialist. It may cover any of the following: (1) review of the continuous maintenance of adequate FM system by DOH; (2) review of interim financial reports (IFRs); (3) follow up of timeliness of FM reporting and actions taken on issues raised by external auditors; (4) follow up of the status of any agreed action; and (5) review of compliance with the financial covenants.

53. **Disbursement arrangements.** The disbursement methods will be reimbursement, advances, special commitment, and direct payments. Given the emergency nature of the project, it is recommended that direct payments be used as much as possible to facilitate faster payments to suppliers. The minimum application size for reimbursements, special commitment, and direct payments would be equivalent to US$50,000. The details will be provided in the Disbursement and Financial Information Letter. The Project will have a disbursement deadline date of four months after the closing date of the Project.

54. **For the use of the advance (designated account) disbursement method, Bank funds will be downloaded to DOH upon submission of a withdrawal application at least on a semestral basis based on the semestral cash flow needs of the project.** DOH would forecast the cash needs of the project for a six-month period and submit a Withdrawal Application to the Bank. In succeeding withdrawal applications, the cash forecast requirements and Statement of Uses of Funds (SSUF) for previous downloads would be submitted as supporting documents. Submission of SOEs will be required for the reporting of fund usage at least on a quarterly basis. The Designated Account (DA) ceiling of DOH is variable and flexible based on the project’s needs and acceptable by the bank (approved by the Task Team Leaders).

55. **The funds would flow from the World Bank to the Bureau of Treasury’s account at the Bangko Sentral ng Pilipinas (Central Bank of the Philippines).** After approval by the Department of Budget and Management (DBM), through the issuance of a Notice of Cash Allocation (NCA), funds flow to the DOH’s Designated Account (DA) maintained in Land Bank of the Philippines.

Figure 3: Funds Flow from World Bank to DOH
56. Loan disbursement would be in accordance with the financial plan of the project for the following categories:

Table 3: Category of eligible expenditure by loan proceeds and percentage

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the IBRD Financing Allocated (expressed in US$, millions)</th>
<th>Percentage of Expenditures to Be Financed (inclusive of taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods, works, non-consulting services, consulting services, Training and Incremental Operating Costs for the Project</td>
<td>100</td>
<td>100%</td>
</tr>
<tr>
<td>Emergency Expenditures under Component 4 of the Project</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

57. The key risks are associated with (1) limited capacity of the current DOH FM staff to handle more project-related FM; (2) failure to maintain accurate accounting information and delays in downloading of funds due to manual system and (3) possible misappropriation of expenses/assets due to limited capacity in accepting and monitoring goods to be delivered in various areas. Risk mitigating measures include: (1) further enhancing capacity of the DOH’s staff and engaging FM Consultant/additional personnel to support the FM unit; (2) use of direct payments to pay suppliers; and (3) building capacity of DOH on internal
controls and early involvement of internal and external audit in carrying out the Project’s operations. Residual FM risk is substantial.

Procurement

58. **Procurement for the project will be carried out in accordance with the World Bank’s Procurement Regulations for IFP Borrowers for Goods, Works, Non-Consulting and Consulting Services, dated July 1, 2016 (revised in November 2017 and August 2018).** The Project will be subject to the World Bank’s Anticorruption Guidelines, dated October 15, 2006, revised in January 2011, and as of July 1, 2016. The Project will use the Systematic tracking of Exchanges in Procurement (STEP) to plan, record and track procurement transactions.

59. **The major planned procurement includes:** (i) construction/completion, rehabilitation/retrofitting and installation of quarantine, isolation, and decontamination facilities; (ii) medical/laboratory equipment and consumables, (iii) personal protective equipment (PPE) in facilities and triage, (iv) clinical management equipment, (iv) refurbishing and equipping medical facilities, (v) human resources for response, and (vi) expertise for development and training of front-line responders. DOH has initiated a streamlined project procurement strategy for development (PPSD) with finalization during implementation. An initial procurement plan for the first three months has been agreed with DOH and will be updated during implementation.

60. **The proposed procurement approach prioritizes fast track emergency procurement for the critical goods, works and services needed.** Key measures to fast track procurement include: (i) use of simple and fast procurement and selection methods fit for an emergency situation including direct contracting, as appropriate, (ii) use of streamlined competitive procedures with shorter procurement processing time, (iii) use of framework agreements including existing ones, (iv) procurement from UN Agencies enabled and expedited by Bank procedures and templates, (v) use of procurement agents (e.g. PS-DBM and PITC), (vi) force account, as needed, and (vii) increased thresholds for Requests For Quotations and national procurement among others, as well as no prior review for emergency procurement. As requested by the borrower, the Bank will provide procurement hands-on expanded implementation support to help expedite all stages of procurement – from help with supplier identification, to support for bidding/selection and/or negotiations to contract signing and monitoring of implementation.

61. **The project may be significantly constrained in purchasing critically needed supplies and materials due to significant disruption in the supply chain, especially for PPE.** The supply problems that have initially impacted PPE are emerging for other medical products (e.g. reagents and possibly oxygen) and more complex equipment (e.g. ventilators) where manufacturing capacity is being fully allocated by rapid orders from other countries.

62. **Upon the DOH’s request, the Bank has agreed to provide Bank Facilitated Procurement (BFP) to proactively assist DOH in accessing existing supply chains for the agreed list of critical medical consumables and equipment needed under the project.** Once the suppliers are identified, the Bank will proactively support the DOH with negotiating prices and other contract conditions. The Borrowers will remain fully responsible for signing and entering into contracts and implementation, including assuring relevant logistics with suppliers such as arranging the necessary freight/shipment of the goods to their
destination, receiving and inspecting the goods and paying the suppliers, with the direct payment by the Bank disbursement option available to them. If needed, the Bank may also provide hands-on support to DOH in contracting to outsource logistics.

63. **BFP to access available supplies may include aggregating demand across participating countries, whenever possible, extensive market engagement to identify suppliers from the private sector and UN Agencies.** The Bank is coordinating closely with UN agencies (specifically WHO and UNICEF) that have established systems for procuring medical supplies and charge a fee which varies across agencies and type of service and can be negotiated (around 5% on average.) In addition, the Bank may help borrowers access governments’ available stock.

64. **In providing BFP, the Bank will remain within its operational boundaries and mandate** which already include expanded hands-on implementation support to help borrowers achieve the project’s development objectives. Procurement for goods/works and services outside this list will follow the Bank’s standard procurement arrangements with DOH responsible for all procurement steps with normal Hands-on Implementation support, as applicable.

65. **Procurement will be carried out by DOH through its Procurement Service.** Streamlined procedures for approval of emergency procurement have been agreed for implementation to expedite decision making and approvals by DOH. The Government Procurement Policy Board (GPPB) and the Commission on Audit (COA) issued a joint memorandum circular on the emergency procurement including the use of negotiated (direct selection) procurement, giving procurement officials the confidence to make use of flexible and streamlined procedures for rapid response in support of the recently enacted law (Bayanihan to Heal as One Act, R.A. No. 11469) giving emergency power to the President. The Bank’s oversight of procurement will be done through increased implementation support, and increased procurement post review based on a 20-percent sample while the Bank’s prior review will not apply. STEP will help the Bank to monitor the procurement progress and to take appropriate supportive actions in due course.

66. **The key procurement risk is failed procurement due to lack of adequate global supply of essential medical consumables and equipment needed to address the health emergency as there is significant disruption in the supply chain, especially for PPE.** Other major procurement risks include unfamiliarity of the IA with the Bank’s Procurement Regulations having not implemented Bank-financed projects for almost a decade now and inadequate staffing to address the surge demand, strict FDA regulations for medical products as well as constraints in institutional and implementing capacity in the country due to the existing enhanced community quarantine (ECQ) in place and other evolving restrictions that impact on public administration.

67. **To help mitigate this risk, the Bank will provide BFP leveraging its comparative advantage as convener with the objective of facilitating borrowers’ access to available supplies at competitive prices, as described in the foregoing.** BFP in identifying suppliers and facilitating contracting between them and borrowers may bring a perception that the Bank is acting beyond its role as a financier with greater reputational and potentially litigation risks – these would relate to questions of transparency, equity in terms of which borrowers get access to what and when, issues with quality, timeliness of delivery, value for money, and any other issues of contractual non-performance by the suppliers identified by the Bank. To partially mitigate these risks, the Bank and the Borrower will clearly delineate the roles and
responsibilities of the Bank and the Borrowers for whom the Bank facilitates access to available supplies. The timely joint issuance of GPPB and COA on emergency procurement will help ensure implementation in the right direction. DOH has started using emergency procurement procedure for their local funds acquiring essential requirements from a variety of sources including UN Agencies, through Procurement Agents, and other suppliers which they will continue to use aside from BFP. DOH will hire additional consultants/personnel to help facilitate implementation. A review of the FDA process and requirement have been done resulting to some implementation waivers under a limited period. DOH needs to elevate their critical role and arm their personnel with adequate document and knowledge on how to deal with ECQ.

C. Legal Operational Policies

<table>
<thead>
<tr>
<th>Projects on International Waterways OP 7.50</th>
<th>Triggered?</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

| Projects in Disputed Areas OP 7.60         | No         |

D. Environmental and Social Standards

68. The project will apply the World Bank’s Environment and Social Framework (ESF), procedures for IPF operations designed to respond to COVID-19, and processed as an emergency operation under paragraph 12 of the IPF Policy. The Project will have positive social and environmental impacts as it should improve COVID-19 surveillance, monitoring, and containment. However, the project could also cause substantial environment and social risks, including the following identified risks:

- occupational health and safety risks resulting from the operation of medical facilities and laboratories involved in COVID-19 response which inherently expose staff to infection risks;
- risks related to the spread of COVID-19 among the population at large and especially for the most disadvantaged and vulnerable groups such as the elderly, children, poor households, persons with disabilities including physical and mental health disabilities, and indigenous peoples. This may be amplified due to poor training, communication and public awareness related to the readiness and response to the new COVID-19;
- health care waste management and disposal and community health and safety issues related to the handling, transportation and disposal of healthcare wastes;
- environmental and safety risks associated with small scale civil works for medical facilities refurbishment or completion of ongoing construction
- conflicts resulting from false rumors and social unrest, the social stigma associated with COVID-19 and tensions and potential unrest with respect to access to testing and other services related to public health services including isolation and quarantine facilities.

69. A Stakeholder Engagement Plan (SEP) has been developed to ensure that stakeholders are informed about project risks and mitigation measures, information is disclosed properly, communities and local government units are engaged, and social preparation for areas that will host isolation and quarantine
facilities will be conducted. The SEP will be implemented in a way that takes into consideration specific circumstances for indigenous peoples, other vulnerable groups, and the locality’s ways of information dissemination and conducting consultations while communities or households may be in quarantine or physical distancing restrictions. The SEP includes a grievance redress mechanism by which people can raise concerns, provide feedback, or make complaints about project related activities.

70. **An Environment and Social Management Framework will be prepared to manage environmental and social risks following the provisions of relevant environmental and social standards of the World Bank’s ESF.** The ESMF will include screening of proposed site specific activities including civil works, infection prevention and healthcare waste management, standard provisions for workers and communities’ health and safety and capacity strengthening for social, environment, health and safety management. An Environment and Social Commitment Plan (ESCP) has been prepared to ensure that measures and resources for managing environmental and social risks and impacts are in place at appropriate times during project implementation. The SEP and the ESCP will be revisited during project implementation to further tailor them to the needs and requirements of the project based on the detailed assessment of environmental and social risks conducted for the preparation of the ESMF.

71. **The use of security personnel, and associated risks, will be assessed for the preparation of the ESMF and monitored during implementation.** Normally a security agency is contracted on a long-term basis by health care facilities to ensure safety of employees and the facility, including the equipment and supplies. In relation to security of the equipment during delivery, DOH’s freight service provider ensures that all equipment is delivered intact and safe onsite. DOH reports that security has not been an issue in the delivery of equipment in different areas nationwide. However, as COVID-19 may develop in unpredictable ways and due to the general concern among the public, the use of additional government security personnel from the local or national police, or in some instances possibly the military, may be directed to implement measures to ensure peace and order in affected areas, including at quarantine, isolation, decontamination and other health facilities. The potential scope of such security measures, and potential risks surrounding them, will be assessed as part of preparing the ESMF and monitored during project implementation. In cases where project activities are supported by private or government security personnel, it will be ensured that the security personnel follow a strict code of conduct and avoid any escalation, taking into consideration protocols that will be included in the ESMF, consistent with the ESF and the guidance provided in the World Bank technical note, “Use of Military Forces to Assist in Covid-19 Operations: Suggestions on How to Mitigate Risks.” This is reflected in the ESCP.

5. **GRIEVANCE REDRESS SERVICES**

72. Communities and individuals who believe that they are adversely affected by a World Bank supported project may submit complaints to existing project-level grievance redress mechanisms or the Bank’s Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order
to address project-related concerns. Project affected communities and individuals may submit their complaint to the Bank’s independent Inspection Panel which determines whether harm occurred, or could occur, as a result of Bank non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the Bank's corporate Grievance Redress Service (GRS), please visit: http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

6. KEY RISKS

73. The overall risk of the Project is rated **Substantial** given the key risk factors in the following paragraphs.

74. **The political and governance risks are rated Substantial.** A principal political/governance risk specific to the project is that challenges resulting from the illness of government officials slows down implementation of the project.

75. **The macroeconomic risk is rated Substantial, given the uncertainty on the duration and severity of COVID-19 outbreak.** While the government is moving fast in taking actions to contain the spread of the virus, if the outbreak becomes unmanageable with exponential increase of cases saturating the health system, causing panic and social unrest, and prolonged ECQ, then economic contraction is possible in 2020 with echo effects into 2021. In this case, the government may focus solely on health crisis and delay the implementation of the reform program supported by the DPL series.

76. **The risk pertaining to sector policies and strategies is rated Substantial.** At the central level, DOH has in place health sector policies and strategies to address COVID-19. However, given the decentralization nature of the health sector, it is not clear to what extent LGUs would adopt these policies and strategies. Further, there are major gaps in capacity to implement these sector policies and strategies as per paragraph below.

77. **The risk pertaining to the technical design is rated Moderate.** Intervention activities not effective in containing the spread of COVID-19, as well of other infectious diseases of animal origin. The technical design of the project maximizes existing designs that have been proved to be effective based on WHO guidelines and international evidence.

78. **The risk pertaining to institutional capacity is rated Substantial, given the systemic weakness in the national delivery of health care services.** The health care delivery system in the country needs to be strengthened to respond to national level health emergencies, particularly at the sub-national level. The implementation arrangements, leveraging existing functioning systems across Government will strengthen the ability to respond to this emergency.

79. **The fiduciary risks are Substantial.** The key fiduciary risk is failed procurement due to lack of sufficient global supply of essential medical consumables and equipment needed to address the health emergency as there is significant disruption in the supply chain, especially for PPE. To help mitigate this risk, the Bank will leverage
its comparative advantage as convener and facilitate borrowers’ access, through the DOH, to available supplies at competitive prices with the BFP described in the procurement section of this document. In parallel, DOH will continue acquiring essential requirements from a variety of sources including UN Agencies, through Procurement Agents, and other suppliers aside from the BFP route. For FM, the key risks are associated with (1) limited capacity of the current DOH FM staff to handle more project-related FM; (2) failure to maintain accurate accounting information and delays in downloading of funds due to manual system and (3) possible misappropriation of expenses/assets due to limited capacity in accepting and monitoring goods to be delivered in various areas. FM-related risk mitigating measures include: (1) further enhancing capacity of the DOH’s staff and engaging an FM Consultant/additional personnel to support the FM unit; (2) use as much as possible of direct payments to pay suppliers; (3) separate books of account will be maintained for the project; (4) audit findings noted by COA on the project financial statements should be resolved within six months after receipt of the audit report. and (5) building capacity of DOH on internal controls and early involvement of internal and external audit in carrying out the Project’s operations. Furthermore, anti-corruption guidelines would be adhered to as another mitigation measure to fiduciary risks.

80. **Overall ESF risks are rated Substantial.** The environmental risks are considered Substantial. The main risks associated are: (i) occupational health and safety risks resulting from the operation of medical facilities and laboratories involved in COVID-19 response which inherently expose staff to infection risk; (ii) health care waste management and disposal and community health and safety issues related to the handling, transportation and disposal of healthcare wastes; and (iii) environmental and safety risks associated with small scale civil works for medical facilities refurbishment or completion of ongoing construction. The social risks are also considered Substantial, although the direct and indirect social impacts and risks associated with the activities proposed by this project are expected to be mostly temporary, predictable, and avoidable. The major areas of social risks concern: (i) Occupational, Health, and Safety (OHS) risks for project workers associated with the upgrading activities; (ii) OHS risks related to the spread of the virus among health care workers; (iii) risks related to the spread of COVID-19 among the population at large and, especially for the most disadvantaged and vulnerable population groups such as (the elderly, children, poor households, persons with disabilities including physical and mental health disabilities, indigenous peoples), due to poor training, communication and public awareness related to the readiness and response to the new COVID-19; and (iv) risk of panic/conflicts resulting from false rumors and social unrest, the social stigma associated with COVID-19 or potential unrest with respect to access to tested and other services related to public health services. There may also be risks concerning sexual exploitation and abuse (SEA) and violence against women and girls (VAC), especially related to healthcare workers and people in quarantine. Civil works envisaged in the project mainly refer to repair and rehabilitation of existing buildings. New facilities will be on existing premises and no land acquisition or involuntary resettlement impacts are expected. The environmental and social risks will be managed through the ESMF and SEP that the Borrower, through the DOH, will prepare and update, as needed, during implementation. The development and implementation of the ESMF and SEP is part of the Environment and Social Commitment Plan (ESCP) of the Borrower, through the DOH. Mitigation measures for social and environmental risks are deemed adequate.

81. **Other risk that has been identified is data-related, and this is rated as Substantial.** Large volumes of personal data, personally identifiable information and sensitive data are likely to be collected and used in connection with the management of the COVID-19 outbreak under circumstances where measures to ensure the legitimate, appropriate and proportionate use and processing of that data may not feature in national law or data governance regulations, or be routinely collected and managed in health information systems. To the
extent feasible, the Project will incorporate good international practice for dealing with such data in such circumstances. Such measures may include, by way of example, data minimization (collecting only data that is necessary for the purpose), data accuracy (correct or erase data that are not necessary or are inaccurate), use limitations (data are only used for legitimate and related purposes), data retention (retain data only for as long as they are necessary), informing data subjects of use and processing of data, and allowing data subjects the opportunity to correct information about them, etc.
7. RESULTS FRAMEWORK AND MONITORING

Results Framework
COUNTRY: Philippines
Philippines COVID-19 Emergency Response Project

Project Development Objective(s)
To strengthen the Philippines' capacity to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness

Project Development Objective Indicators

<table>
<thead>
<tr>
<th>Indicator Name</th>
<th>DLI</th>
<th>Baseline</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>To strengthen Philippines' capacity to prevent, detect and respond to the threat posed by COVID-19</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage of hospitals with personal protective equipment and infection control products and supplies according to DOH requirements, without stock-outs in preceding one month (Percentage)</td>
<td></td>
<td>55.00</td>
<td>90.00</td>
</tr>
<tr>
<td>Percentage of designated laboratories with COVID-19 diagnostic equipment, test kits, and reagents, without stock-outs in preceding one month (Percentage)</td>
<td></td>
<td>20.00</td>
<td>90.00</td>
</tr>
<tr>
<td>Number of acute healthcare facilities with isolation capacity according to DOH-established standards (Number)</td>
<td></td>
<td>30.00</td>
<td>60.00</td>
</tr>
</tbody>
</table>
## Intermediate Results Indicators by Components

<table>
<thead>
<tr>
<th>Indicator Name</th>
<th>DLI</th>
<th>Baseline</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strengthening Emergency COVID-19 Health Care Response</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standard design for hospital isolation and treatment centers to manage Severe</td>
<td>No</td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>Acute Respiratory Infections (SARI) patients is finalized (Yes/No)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of ventilators provided to hospitals (Number)</td>
<td>0.00</td>
<td></td>
<td>300.00</td>
</tr>
<tr>
<td>Number of health staff trained in infection prevention and control per DOH-</td>
<td>0.00</td>
<td></td>
<td>141.00</td>
</tr>
<tr>
<td>approved protocols (Number)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Strengthening Laboratory Capacity at National and Sub-National Level</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Daily capacity of a designated national laboratory (RITM) in conducting</td>
<td>300.00</td>
<td></td>
<td>1,000.00</td>
</tr>
<tr>
<td>COVID-19 diagnostic tests (Number)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Daily capacity of a designated sub-national laboratory (Davao) in conducting</td>
<td>20.00</td>
<td></td>
<td>100.00</td>
</tr>
<tr>
<td>COVID-19 diagnostic tests (Number)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Daily capacity of a designated sub-national laboratory (Cebu) in conducting</td>
<td>20.00</td>
<td></td>
<td>100.00</td>
</tr>
<tr>
<td>COVID-19 diagnostic tests (Number)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Implementation Management and Monitoring and Evaluation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>M&amp;E system established to monitor project activities (Yes/No)</td>
<td>No</td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>Functional asset management system is in place, independently reviewed on 6-</td>
<td>No</td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>monthly basis (Yes/No)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicator Name</td>
<td>Definition/Description</td>
<td>Frequency</td>
<td>Datasource</td>
</tr>
<tr>
<td>----------------</td>
<td>------------------------</td>
<td>-----------</td>
<td>-----------</td>
</tr>
<tr>
<td>Percentage of hospitals with personal protective equipment and infection control products and supplies according to DOH requirements, without stock-outs in preceding one month</td>
<td>This indicator will help track the performance of 70 DOH hospitals (level 2 and level 3 hospitals) across the country to ensure that they have personal protective equipment and infection control products and supplies according to DOH requirements, without stock-outs. DOH has prepared a checklist of personal protective equipment and infection control products and supplies as minimum standard that each hospital needs to make available to address COVID-19.</td>
<td>The indicator is officially tracked twice a year during the Bank’s implementation status and results support (ISR) mission. Department of Health tracks the indicator on a monthly basis, and updates the Bank accordingly.</td>
<td>Department of Health</td>
</tr>
<tr>
<td>Percentage of designated laboratories with COVID-19 diagnostic equipment, test</td>
<td>This indicator tracks the performance of designated laboratories with COVID-19 diagnostic equipment.</td>
<td>The indicator is tracked through DOH HMIS, on a monthly basis.</td>
<td>Department of Health</td>
</tr>
<tr>
<td><strong>Number of acute healthcare facilities with isolation capacity according to DOH-established standards</strong></td>
<td><strong>This indicator helps tracks performance of 70 DOH hospitals to ensure that they meet DOH established standards of isolation capacity to manage Severe Acute Respiratory</strong></td>
<td><strong>While the indicator will be formally tracked during the twice-</strong></td>
<td><strong>Monitoring system by Department of Health. This will be based on the standard design of isolation facility in managing SARI patients including</strong></td>
</tr>
<tr>
<td>-------------------------------------------------</td>
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<td>-------------------------------------------------</td>
</tr>
</tbody>
</table>

- kits, and reagents, without stock-outs in preceding one month
  - laboratories to ensure that they have COVID-19 diagnostic equipment, test kits, and reagents, without stock-outs. The denominator is the number of existing DOH-operated laboratories, which include the national reference laboratory – Research Institute for Tropical Medicine (RITM) as well as the following six sub-national and public health laboratories (i) Lung Center of the Philippines (QC); (ii) San Lazaro Hospital (Manila); (iii) Baguio General Hospital (Baguio); (iv) Vicente Sotto Memorial Medical Center (Cebu); (v) Caraga Regional Hospital (Surigao City); (vi) Southern Philippines Medical Center (Davao).
Infections (SARI) patients. The standards will be based on the standard design of isolation facility in managing SARI patients including intensive care to be prepared by DOH. yearly implementation support mission, it is expected that DOH will track the hospital performance on a monthly basis. intensive care to be prepared by DOH.

<table>
<thead>
<tr>
<th>Indicator Name</th>
<th>Definition/Description</th>
<th>Frequency</th>
<th>Datasource</th>
<th>Methodology for Data Collection</th>
<th>Responsibility for Data Collection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard design for hospital isolation and treatment centers to manage Severe Acute Respiratory Infections (SARI) patients is finalized</td>
<td>This indicator helps ensure that the Government has produced a standard design for hospital isolation and treatment centers to manage Severe Acute Respiratory Infections (SARI) patients that will be used by health facilities nationally.</td>
<td>One-off.</td>
<td>Department of Health</td>
<td>Department of Health is to finalize the standard design guidance note.</td>
<td>Department of Health</td>
</tr>
<tr>
<td>Number of ventilators provided to hospitals</td>
<td>requirement.</td>
<td>The indicator is officially tracked twice a year during the Bank’s implementation status and results support (ISR) mission. Department of Health tracks the indicator on a regular basis.</td>
<td>Department of Health</td>
<td>Monitoring by Department of Health</td>
<td>Department of Health</td>
</tr>
<tr>
<td>Number of health staff trained in infection prevention and control per DOH-approved protocols</td>
<td>The indicator will help ensure that adequate number of health staff are trained in infection prevention and control per DOH-approved protocols in DOH hospitals as well as</td>
<td>The indicator will be officially reported to the World Bank</td>
<td>Department of Health</td>
<td>Department of Health's monitoring system</td>
<td>Department of Health</td>
</tr>
<tr>
<td>Indicator</td>
<td>Description</td>
<td>Department of Health</td>
<td>Monitoring by Department of Health</td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>----------------------</td>
<td>-----------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Daily capacity of a designated national laboratory (RITM) in conducting COVID-19 diagnostic tests</td>
<td>The indicator tracks daily capacity of a designated national laboratory (RITM) in conducting COVID-19 diagnostic tests, with the expectation that the COVID-19 testing capacity will increase overtime with project support. RITM has been selected by DOH to represent a national laboratory for this indicator.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The indicator is officially tracked twice a year during the Bank’s implementation status and results support (ISR) mission. Department of Health tracks the indicator on a regular basis.</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Provincial Hospitals:** DOH proposed that the health staff to receive training are from 39 DOH Level-3 hospitals and 8 DOH Level-2 hospitals.

**During the Six-Monthly Implementation Status and Results Support Missions:**
<p>| Daily capacity of a designated sub-national laboratory (Davao) in conducting COVID-19 diagnostic tests | This indicator tracks daily capacity of a designated sub-national laboratory in conducting COVID-19 diagnostic tests. The DOH has selected Davao laboratory to represent sub-national laboratories for this indicator. | The indicator is officially tracked twice a year during the Bank's implementation status and results support (ISR) mission. Department of Health tracks the indicator on a regular basis. | Department of Health | Monitoring by Department of Health | Department of Health |
| Daily capacity of a designated sub-national laboratory (Cebu) in conducting COVID-19 diagnostic tests | This indicator tracks daily capacity of a designated sub-national laboratory in conducting COVID-19 diagnostic tests. The DOH has selected Cebu laboratory to represent sub-national laboratories for this indicator. | The indicator is officially tracked twice a year during the Bank's implementation status and results support (ISR) mission. Department of Health tracks the indicator on a regular basis. | Department of Health | Monitoring by Department of Health | Department of Health |</p>
<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Department of Health</th>
<th>Department of Health</th>
</tr>
</thead>
<tbody>
<tr>
<td>M&amp;E system established to monitor project activities</td>
<td>This indicator is to ensure that DOH has established an M&amp;E system to monitor, track progress, and evaluate project activities.</td>
<td>The M&amp;E system established to monitor project activities is to ensure that DOH has established an M&amp;E system to monitor, track progress, and evaluate project activities.</td>
<td>The M&amp;E system report will be submitted by DOH to the World Bank as soon as the project is effective.</td>
</tr>
<tr>
<td>Functional asset management system is in place, independently reviewed on 6-monthly basis</td>
<td>The purpose of this indicator is to ensure that there is a functional asset management system in place, given that the project will provide significant support in medical equipment and supplies to health facilities.</td>
<td>Every six months.</td>
<td>Asset review by an independent technical agency to be hired by DOH, e.g. university research team.</td>
</tr>
</tbody>
</table>
across the country. It is important that there is an independent review of assets supported by the project on 6-monthly basis.
ANNEX 1: Project Costs

COUNTRY: Philippines
Philippines COVID-19 Emergency Response Project

COSTS AND FINANCING OF THE COUNTRY PROJECT (US$, MILLION)

<table>
<thead>
<tr>
<th>Program Components</th>
<th>Project Cost</th>
<th>IBRD or IDA Financing</th>
<th>Trust Funds</th>
<th>Counterpart Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthening Emergency COVID-19 Health care Response</td>
<td>82.5</td>
<td>82.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strengthening Laboratory Capacity at National and Sub-National Level to Support Emerging Infectious Diseases (EIDs) Prevention, Preparedness, and Response</td>
<td>16.5</td>
<td>16.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implementation Management and Monitoring and Evaluation</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contingent Emergency Response Component (CERC)</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Costs</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Financing Required</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
82. The project will require intensive implementation support and a real time dialogue with the client. The World Bank’s implementation support strategy combines assigning task team leaders, team members, and periodic implementation supervision to ensure timely technical support and policy advice as necessary. Implementation support will include (a) an implementation support mission (ISM) every three months in the first twelve months of implementation; (b) interim technical discussions and field visits by the World Bank; (c) monitoring and reporting by the DOH on implementation progress and achievement of results; (d) third-party monitoring; (e) annual external financial audits and semestral interim financial reports; and (f) periodic procurement post review. The ISM will visit randomly selected project sites to assess and physically verify the use and operations of equipment and supplies financed by the project. The supervision arrangements are outlined in the Global MPA and will be followed in this project. It is to note that implementation support missions and field visits will follow the Government’s social distancing policy and measures as well as the Bank policy. In case implementation support missions and field visits that involve the Bank team’s physical presence is not possible, arrangements will be made for the missions to be conducted remotely, including videoconferences with project teams and implementation partners in Manila and the provinces in place of physical field visits.

83. It is expected that the early implementation phase could face implementation challenges, which will be addressed through the following actions:

(a) **Implementation support strategy.** This will be largely built on dialogue and partnership. The implementation support team will have continuous interaction with all stakeholders of the project. This will require consistency in the composition of the core implementation support team, technical expertise, and familiarity with country/local situations.

(b) **Capacity building of the implementation agencies.** Significant training and hands-on support will be required on a technical level and in terms of fiduciary and safeguards management. This will include supporting the DOH in (i) developing annual work plan and budget reports, (ii) task planning and task supervision of the DOH, (ii) review of important TORs for key consultancies, and (iii) coordination with development partners.

(c) **M&E and learning.** Coordination of M&E and the capturing of project outcomes and results will be guided by the Bank’s implementation support team. DOH will use project funds (Component 3) to recruit M&E specialist to support the project.

(d) **Fiduciary support.** The Bank’s implementation support team, including financial management and procurement specialists, will provide hands-on support related to financial management, review and audit reporting procedures. Similarly, the Bank will provide hands-on expanded implementation support (HEIS) including Bank-Facilitated Procurement (BFP) to an agreed list of items, and guidance
on procurement and contract management activities, including types of procurement and size of contracts. DOH will use project funds (Component 3) to recruit financial and procurement specialists to support the project.

(e) Environmental and social safeguards. The Bank’s implementation support team, including environmental and social specialists from the Bank will provide hands-on support to DOH in preparing and implementing an Environment and Social Management Framework (ESMF) to manage environmental and social risks following the provisions of relevant environmental and social standards of the World Bank’s ESF. The ESMF will include screening of proposed site-specific activities including civil works, infection prevention and healthcare waste management, standard provisions for workers and communities’ health and safety and capacity strengthening for social, environment, health and safety management. An Environment and Social Commitment Plan (ESCP) has been prepared to ensure that measures and resources for managing environmental and social risks and impacts are in place at appropriate times during project implementation. The SEP and the ESMF will be revisited during project implementation to further tailor them to the needs and requirements of the project based on the detailed assessment of environmental and social risks conducted for the preparation of the ESMF. DOH will strengthen GRM and other feedback loops to solicit feedback and grievances from beneficiaries. DOH will use project funds (Component 3) to implement the ESMF, including to recruit support staff as needed.

(f) Operation. The Bank’s implementation support team will provide day-to-day hands-on support and supervision of all operational aspects, as well as coordination with the clients and among World Bank team members.

84. Implementation support plan. The following implementation support plan reflects the preliminary estimates of skill requirements, timing, and resource requirements over the life of the project. Keeping in mind the need to maintain flexibility over project activities from year to year, the implementation support plan will be reviewed periodically to ensure that it continues to meet the implementation support needs of the project.

85. Skill mix. The skill mix and team composition for supporting project implementation in (i) the first twelve months after project effectiveness; (ii) from Year 2 onward is as proposed in table A.1 and table A.2 respectively. More intensive support will be provided in the first twelve months after project effectiveness.

| Table A.1. Skill mix and team composition in the first twelve months after project effectiveness |
|---|---|---|---|
| **Skills Needed** | **No. of Staff Weeks** | **Number of Missions** | **Comments** |
| Co-Task team leaders | 20 | Four per year, including field visit travel, as appropriate | One TTL based in Manila, another TTL based in Bangkok |
| Procurement specialist | 8 | Four per year, including field visit travel, as appropriate | National Staff |
| FM specialist | 8 | Four per year, including field visit travel, as appropriate | National Staff |
| Social safeguards specialists | 5 | Four per year, including field visit travel, as appropriate | Two social safeguards specialists. One national and one international. |
| Environmental safeguard specialists | 5 | Four per year, including field visit travel, as appropriate | Two environmental safeguards specialists. One national and one international. |
| Operations | 8 | Four per year, including field visit travel, as appropriate | National Staff |
| Health Specialist(s) | 12 | Four per year, including field visit travel, as appropriate | National Consultants |
| M&E | 12 | Four per year, including field visit travel, as appropriate | National Consultants |
| Team Assistant | 6 | Participate in mission, as appropriate | National Staff |

Table A.2. Skill mix and team composition from Year 2 onward

<table>
<thead>
<tr>
<th>Skills Needed</th>
<th>No. of Staff Weeks</th>
<th>Number of Missions</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-Task team leaders</td>
<td>18</td>
<td>Two per year but four in the first year, including field visit travel</td>
<td>One TTL based in Manila, another TTL based in Bangkok</td>
</tr>
<tr>
<td>Procurement specialist</td>
<td>8</td>
<td>Two per year but four in the first year, including field visit travel</td>
<td>National Staff</td>
</tr>
<tr>
<td>FM specialist</td>
<td>8</td>
<td>Two per year but four in the first year, including field visit travel</td>
<td>National Staff</td>
</tr>
<tr>
<td>Social safeguards specialists</td>
<td>5</td>
<td>Two per year but four in the first year, including field visit travel</td>
<td>Two social safeguards specialists. One national and one international.</td>
</tr>
<tr>
<td>Environmental safeguard specialists</td>
<td>5</td>
<td>Two per year but four in the first year, including field visit travel</td>
<td>Two environmental safeguards specialists. One national and one international.</td>
</tr>
<tr>
<td>Operations</td>
<td>8</td>
<td>Two per year but four in the first year, including field visit travel</td>
<td>National Staff</td>
</tr>
<tr>
<td>Health Specialist(s)</td>
<td>10</td>
<td>Two per year but four in the first year, including field visit travel</td>
<td>National Consultants</td>
</tr>
<tr>
<td>M&amp;E</td>
<td>10</td>
<td>Two per year but four in the first year, including field visit travel</td>
<td>National Consultants</td>
</tr>
<tr>
<td>Team Assistant</td>
<td>6</td>
<td>Participate in mission, as appropriate</td>
<td>National Staff</td>
</tr>
</tbody>
</table>

86. **Financial management arrangements.** The project will be implemented using the national government’s and DOH’s financial management (FM) systems as the basis for budgeting, accounting, internal controls, financial reporting and auditing.

87. **FM Organization and Staffing.** DOH has a well-defined organizational. The Financial and Management Services Unit (FMS) unit supervises the Accounting, Budget and Management Divisions. Its primary task is to provide proper and timely allocation of funds; management control and accounting of funds establish management systems and procedures and sets financial and administrative standards and guidelines to field offices and hospitals. To ensure that FM systems are adequately addressed, DOH will hire for the project additional FM personnel who will facilitate FM requirements and monitor financial reporting requirements.

88. **Budgeting.** Budget proposals (NEP) are prepared annually by DOH and submitted to the Department of Budget and Management (DBM) for review. The annual budget of the Agency is included in the annual General Appropriations Act (GAA) which has to be approved by Congress before the start of the fiscal year giving adequate time for budget implementation. DOH has a Budget Division responsible for the preparation and monitoring of the Agency Budget. DOH will finalize the project components and DOH FMS to ensure appropriate budget cover for the project. Close coordination with DOF and DBM is necessary for the first year of operation to ensure that timely and proper budget realignments for the first year are expedited. The Recipient shall furnish to the Bank, for review and approval not later than October 30 of each year during the implementation of the Project (or such later date as the Bank may agree), an annual work plan and budget (“AWPB”) for the Project containing relevant project activities and expenditures proposed to be included in the Project in the subsequent year.

89. **Accounting.** DOH conforms to the Government Accounting Manual (GAM) and has already rolled out in all field offices and hospitals use of eNGAS (accounting system. The financial statements of the DOH have been prepared in accordance with government accounting principles and standards. Review of prior period audit reports showed that the financial statements of DOH were given a modified opinion by the auditors in the previous years. Due to the modified opinion and audit findings in the agency financial reports, separate books of account will be maintained for the project. Any audit findings noted by COA on the project financial statements should be resolved within six months after receipt of the audit report. In addition, interim financial reports will be submitted to the Bank 45 days after the end of each semester.

90. **Internal Controls.** Basic internal controls such as separation of conflicting functions, segregation of bookkeeping functions from custodianship of assets, reconciliation of subsidiary records with the corresponding general ledger control account, and a multilevel system of review and approval of transactions before their execution are required under GAM. The project will adopt the DOH FM Manual and relevant references will be included in the Project Operations Manual. Training on FM and disbursements will be conducted upon effectiveness.
91. **Disbursement Arrangements and Funds Flow.** Bank funds will be downloaded to DOH upon submission of a withdrawal application at least on a semestral basis based on the semestral cash flow needs of the project. DOH would forecast the cash needs of the project for a six-month period and submit a Withdrawal Application to the Bank. In succeeding withdrawal applications, the cash forecast requirements and Statement of Uses of Funds (SSUF) for previous downloads would be submitted as supporting documents. Submission of SOEs will be required for the reporting of fund usage at least on a quarterly basis.

92. The Designated Account (DA) ceiling of DOH is variable and flexible based on the project’s needs and acceptable by the bank (approved by the Task Team Leader). The disbursement methods will be reimbursement, advances, special commitment, and direct payments. The minimum application size for reimbursements, special commitment, and direct payments would be equivalent to US$50,000. The details will be provided in the Disbursement and Financial Information Letter. The Project will have a disbursement deadline date of four months after the closing date of the Project.

93. Loan disbursement would be in accordance with the financial plan of the project for the following categories:

<table>
<thead>
<tr>
<th>Table A.3: Category of eligible expenditure by credit proceeds and percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Category</strong></td>
</tr>
<tr>
<td>Goods, works, non-consulting services, consulting services, Training and Incremental Operating Costs for the Project</td>
</tr>
<tr>
<td>Emergency Expenditures under Component 4 of the Project</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
</tr>
</tbody>
</table>

94. **Funds Flow from World Bank to DOH.** The funds would flow from the World Bank to the Bureau of Treasury’s account at the Bangko Sentral ng Pilipinas (Central Bank of the Philippines). After approval by the Department of Budget and Management (DBM), through the issuance of a Notice of Cash Allocation (NCA), funds flow to the DOH’s Designated Account (DA) maintained in Land Bank of the Philippines.

*Figure A. 1: Funds Flow from World Bank to DOH*
95. **External Audit.** The audit of the Project Financial Statements will be conducted by COA. The scope of the audit shall include a review of the designated account and eligible expenses to be conducted on an annual basis and submitted to the Bank six months after the end of each calendar year.