



The World Bank

Philippines COVID-19 Emergency Response Project (P173877)

REPORT NO.: RES45173

RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING

OF

PHILIPPINES COVID-19 EMERGENCY RESPONSE PROJECT

APPROVED ON APRIL 22, 2020

TO

REPUBLIC OF THE PHILIPPINES

HEALTH, NUTRITION & POPULATION

EAST ASIA AND PACIFIC

Regional Vice President:	Victoria Kwakwa
Acting Country Director:	Achim Fock
Regional Director:	Daniel Dulitzky
Practice Manager/Manager:	Aparnaa Somanathan
Task Team Leader(s):	Sutayut Osornprasop

**ABBREVIATIONS AND ACRONYMS**

AFP	Armed Forces of the Philippines
CERC	Contingent Emergency Response Component
CHD	Centers for Health Development
COVAX	COVID-19 Vaccines Global Access
DOH	Department of Health
E&S	Environmental and Social
ESCP	Environmental and Social Commitment Plan
ESMF	Environmental and Social Framework
ESRC	Environmental and Social Risk Classification
GOP	Government of the Philippines
GRM	Grievance Redress Mechanism
HCWM	Health Care Waste Management
IATF	Inter-Agency Task force on the Management of Emergency Diseases
LGU	Local Government Unit
MPA	Multiphase Programmatic Approach
PCERP	Philippines COVID-19 Emergency Response Project
PDO	Project Development Objective
PNP	Philippine National Police
PWD	Persons with Disabilities
SEP	Stakeholder Engagement Plan



BASIC DATA

Product Information

Project ID	Financing Instrument
P173877	Investment Project Financing
Environmental and Social Risk Classification (ESRC)	
Substantial	
Approval Date	Current Closing Date
22-Apr-2020	29-Dec-2023

Organizations

Borrower	Responsible Agency
Republic of the Philippines	Department of Health

Multiphase Programmatic Approach (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

Multiphase Programmatic Approach (MPA) Status (Public Disclosure)

Status and Key Decisions (Public Disclosure)

Sustained efforts continue to be made to advance the implementation of the MPA-funded projects. As of December 14, 2020, 83 MPA-projects have been approved providing a total commitment of US\$4.14 billion. In addition, 12 PEF funded projects have been approved to complement the COVID response. Disbursements have continued to increase at a rapid pace. Twenty four (24) country projects or 29% of projects approved have reached 70-100% disbursements. The projects benefit around 3.7 billion people or 50% of the global population. Of the 83 approved projects: (i) 32 are in Africa – 11 in AFE and 21 in AFW; (ii) 11 in East Asia; (iii) 12 in Europe and Central Asia; (iv) 12 in Latin America and the Caribbean; (v) 7 in Middle East and North Africa; and (vi) 9 in South Asia. Seventy (70) projects are disbursing. Total disbursements as of December 14, 2020

under these projects amount to US\$1.76 billion or 43% of overall commitments (a 7% increase in the past month). The 43% disbursements compare to more than an annual disbursement percentage for the entire



HNP Global Practice. In addition, \$465 million have been committed under signed contracts with UNICEF and Bank Facilitated Procurement (BFP), bringing to 53% actual disbursements and committed amounts. Streamlined procedures, delegated approval coupled with flexible project design and intensified efforts across the Bank have contributed to the progress. Implementation faces significant challenges as some countries are still under different levels of lockdown or mobility restrictions and counterparts and Bank teams are operating from home. This creates connectivity challenges. Notwithstanding challenges, the MPA is on track to achieving its PDO – to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness. The significant level of disbursements in just nine months attest to the strong implementation of the Bank response thanks to the commitment of counterparts supported by country teams. However, the capacity of teams is being stretched to meet delivery demands and provide enhanced implementation support to clients. This may not be sustainable in the long term.

Project Development Objective (PDO)

Original PDO

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

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IBRD-91050	22-Apr-2020	28-Apr-2020	06-May-2020	29-Dec-2023	100.00	8.15	91.85

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

1. **The Philippines COVID-19 Emergency Response Project (PCERP) in the amount of US\$100 million was approved by the World Bank on April 22, 2020.** The project aims to strengthen both the capacity of the Philippines to prevent, detect, and respond to COVID-19; and national systems for public health preparedness. The project comprises: (i) Component 1: Strengthening Emergency COVID-19 Health Care Response; (ii) Component 2: Strengthening Laboratory Capacity at National and Sub-national Level to Support Emerging Infectious Diseases (EIDs) Prevention,



Preparedness, and Response; (iii) Component 3: Implementation Management and Monitoring and Evaluation; and (iv) Component 4: Contingent Emergency Response Component (CERC).

2. **Following a relatively slow start-up, project implementation is progressing well.** The Loan Agreement for the project became effective on May 6, 2020. While there were delays during the initial implementation period, there has been significant progress in implementation of activities in recent months. Significant progress was achieved under component 1, with a number of contracts being signed (contracts for the purchase of mechanical ventilators, portable x-rays, N95 masks, gowns, and gloves, amounting to a total of USD 27.2 million, or 27 percent of the total project amount). Packages for civil works under component 2 planned in CY2020 have progressed to the pre-procurement stage. Progress toward achievement of the project development objectives (PDO) has been moderately satisfactory, while overall implementation progress rating was upgraded to satisfactory, as per the last implementation status and results report of December 15, 2020. The current disbursement stands at 8%, but the overall commitment has reached 27%. Project disbursements are expected to ramp up and are reach at least 35% by March 2021.
3. **Environmental and Social Framework:** The Department of Health (DOH) has made significant progress in the implementation of ESF activities since the last implementation support mission. Stakeholder engagements have been conducted with national-level stakeholders, including gender-based organizations and organizations representing persons with disabilities (PWDs) and indigenous peoples. DOH has made efforts to address concerns and suggestions raised by these stakeholders, including initiating a capacity assessment of recipient health facilities to make them more accessible to people with disabilities. The result of the assessment is helping improve the accessibility of health facilities not only to these groups but also the general public. Community consultations and initial environmental and social (E&S) risk screening were conducted in selected four future civil work sites. DOH has revised the Environmental and Social Management Framework (ESMF) and Stakeholder Engagement Plan (SEP) documents to incorporate feedback from stakeholder consultations and the Bank. These documents were disclosed on DOH's website, including the project's Grievance Redress Mechanism (GRM) which is included in the SEP.
4. **Rationale for Restructuring:** The purpose of this restructuring is to reflect the arrangements related to US\$25-30 million in financing for the purchase and distribution of COVID-19 vaccines under the Project. This follows a November 27, 2020 request from the Government of the Philippines (GOP) for: (i) a proposed Additional Financing of US\$300 million; and (ii) the Bank's concurrence to use US\$25-30 from the loan proceeds of the ongoing PCERP to finance vaccine contracts. The requests come at a critical juncture in the GOP response to the COVID-19 pandemic. The Philippines is one of the East Asia and Pacific Region of countries hardest hit by COVID-19. As of December 22, 2020, there have been 462,815 confirmed COVID-19 cases and 9,021 COVID-19 deaths.¹ More recently, cases of new infections have declined and are at relatively low level. Meanwhile, the development of COVID-19 vaccines are now at an advanced stage and are being rolled out in some countries.
5. **The Government with the support of the Bank is at an advanced stage of preparing Additional Financing to the PCERP,** which is planned for submission for Board approval in the first quarter of the calendar year 2021 and will incorporate the proposed changes of several aspects of the parent project, including to reflect the latest arrangements on vaccine financing, updating environmental and social safeguards documents, and introducing vaccine deployment-related indicators in the results framework. The Bank provides options for vaccine purchase and financing mechanisms, which are expected to include: (i) direct purchases by countries from vaccine manufacturers, either individually or jointly with other countries; (ii) purchase of excess stocks from other countries that reserve excess doses; and/or (iii) advance purchase mechanisms such as participating in COVID-19 Vaccines Global Access

¹ The Philippines COVID-19 Situation Report No. 66, 22 December 2020, World Health Organization.



(COVAX). The Bank's COVID-19 vaccine approval criteria are: (a) has been approved by three (3) Stringent Regulatory Authorities in three (3) Regions; or (b) has received the WHO Prequalification and has been approved by one (1) Stringent Regulatory Authority.

6. **Within this context, an amendment to the loan agreement of the ongoing PCERP is proposed to facilitate immediate support of vaccine activities by clarifying standards and implementation arrangements for vaccine eligibility and deployment.** It introduces terms and conditions related to the Bank support to the purchase and deployment of COVID-19 vaccines under the Project by the GOP. The project scope remains the same as explained in paragraph 7 below.
7. **The parent project is broadly described to allow the financing of COVID-19-related medical counter measures, expenditures and activities.** A vaccine is one of the most effective medical counter measures and in principle, the support for purchase and deployment of COVID-19 vaccines is covered under the Project. A level-2 restructuring is proposed to strengthen the design elements of such vaccine financing and deployment. COVID-19 vaccination is essential to protecting lives and enabling the Philippines and the world to reopen safely. The Philippine and global economy will not recover fully until people feel they can live, socialize, work, and travel with confidence. Given the centrality of limiting the spread of COVID-19 to both health and economic recovery, providing access to COVID-19 vaccines will be critical to accelerate economic and social recovery.

II. DESCRIPTION OF PROPOSED CHANGES

8. **For the PCERP to finance COVID-19 vaccines, Loan Agreement (Loan No. 9105-PH) would be amended to address the following issues:**
 - (i) Explicitly include the purchase and deployment of COVID-19 vaccines as an activity under sub-component 1.2, with a legal covenant to ensure that all COVID-19 vaccines purchased and deployed under the Project have met the Bank's approval criteria². The risk that disbursements would be made before a vaccine is confirmed to have met the Bank's regulatory approval standard is mitigated by Bank disbursements being conditional on Bank prior review and no-objection to the actual vaccine contracts;
 - (ii) Explicitly include that the GOP will prepare and adopt the Vaccine Delivery and Distribution Manual before the commencement of any distribution and delivery of vaccines within the country; and
 - (iii) Clarify the involvement of military and security actors in COVID-19 vaccine deployment.
9. **The COVID-19 Vaccine Delivery and Distribution Manual is to include the following:**
 - (i) rules and procedures for prioritizing intra-country vaccine allocation following principles established in the WHO Fair Allocation Framework, including an action plan setting out the timeline and steps for implementing such rules;
 - (ii) rules and procedures establishing minimum standards for vaccine management and monitoring, including medical and technical criteria, communications, stakeholder engagement, a grievance mechanism, cold chain infrastructure, waste management, and other related logistics infrastructure;
 - (iii) rules and procedures for processing and collection of Personal Data in accordance with good international practice; and
 - (iv) vaccine distribution plan, including an action plan setting out timeline and steps for immunization.

² The Bank's COVID-19 vaccine approval criteria are: (a) has been approved by three (3) Stringent Regulatory Authorities in three (3) Regions; or (b) has received the WHO Prequalification and has been approved by one (1) Stringent Regulatory Authority.



10. **Regarding the use of military and security actors, all activities carried out by the Armed Forces of the Philippines (AFP) and the Philippine National Police (PNP) under the Project shall be under the coordination of DOH and shall be undertaken exclusively for the purposes related to the Project.** All goods, works, services, operating costs, and training financed by the Loan proceeds may be used by the AFP and/or PNP under the coordination of DOH and strictly in accordance with the Project Operations Manual, Vaccine Delivery and Distribution Manual, and other arrangements or protocols that the Bank may require for carrying out these activities. Except as the Bank may otherwise agree, the GOP shall ensure that that the ownership of any assets generated, goods procured, and works constructed by any security or military unit out of the Loan proceeds shall be transferred to, or shall vest, with DOH or any equivalent or appropriate line ministry or agency agreed with the Bank.
11. **The GOP has undertaken to finalize the COVID-19 vaccine delivery and distribution manual, related environmental and social safeguards documents, and vaccine-related project indicators and targets in the results framework before the commencement of the deployment and delivery of COVID-19 vaccines within the country.** The GOP has also set up institutional arrangements for the planning and implementation of COVID-19 vaccination. Under the COVID-19 Inter-Agency Task force on the Management of Emergency Diseases (IATF), Secretary Carlito Galvez Jr. has been appointed as the Vaccine Czar, overseeing the following six Task Groups in charge of: (i) Vaccine Evaluation and Selection; (ii) Vaccine Cold Chain and Logistic Management; (iii) COVID-19 Immunization Program; (iv) Diplomatic Engagement and Negotiation; (v) Procurement and Finance; (vi) Demand Generation and Communication. Procurement of vaccine will be carried out in accordance with the World Bank's Procurement Framework. The Bank's procurement rules will, however, not apply to certain expenditures or upfront payments, such as speed premia, made to secure a country's participation in an advance participation mechanism for vaccines as described in Global COVID-19 MPA Additional Financing Project Paper. The parent project will undergo a second restructuring as part of the preparation for the Additional Financing to incorporate the updated environmental and social safeguards and project indicators associated with the support for COVID-19 vaccine procurement and deployment.
12. **The economic rationale for investment in a COVID-19 vaccine is strong, considering the massive and continuing health and economic losses due to the pandemic.³** As of December 27, over 80 million people have been confirmed to be infected by the virus and over 1.75 million have been confirmed to have died. Global output is projected to decline by 4.9 percent in 2020, with cumulative losses across 2020 and 2021 exceeding US\$12 trillion. The primary benefit of successful vaccination will be avoiding further human health costs from death and sickness. Global deployment of a COVID-19 vaccine will also generate economic benefits by enabling economic recovery and an increase in productive activity. Ensuring vaccine purchase and delivery in developing economies will also achieve significant distributive and poverty-reduction benefits.
13. **Risks:** The proposed approach facilitates the project being responsive to vaccine purchase under tight timelines, thereby significantly contributing to the PDO, and mitigates potential risks including: (i) the first vaccines certified through the Stringent Regulatory Authority mechanism may not be the most effective; (ii) the disease continues to spread despite the vaccine due to weak adherence to other mitigation measures such as testing and tracing, vaccine hesitancy and delays in production and distribution of the vaccine; (iii) whether countries will be able to use the available financing to purchase effective vaccines in a timely manner with agreement on standards for eligibility and deployment. The team has carefully reviewed the GOP's updated project work plan and undertaken due diligence on the vaccine procurement plans of the GOP. The task team will continue with a hands-on approach to provide support to the GOP and to manage any potential risks.

³ COVID-19 Strategic Preparedness and Response Program using the Multiphase Programmatic Approach Additional Financing Project Paper, 13 October 2020.

**III. SUMMARY OF CHANGES**

	Changed	Not Changed
Legal Covenants	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
MPA Program Development Objective		✓
MPA Expected Results and Indicators		✓
Results Framework		✓
Components and Cost		✓
Loan Closing Date(s)		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Disbursement Estimates		✓
Overall Risk Rating		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Implementation Schedule		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

**IV. DETAILED CHANGE(S)****MPA PROGRAM DEVELOPMENT OBJECTIVE****Current 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

EXPECTED MPA PROGRAM RESULTS**Current Expected MPA Results and their Indicators for the MPA Program**

Progress towards the achievement of the PDO would be measured by outcome indicators. Individual country-specific projects (or phases) under the MPA Program will identify relevant indicators, including among others:

- Country has activated their public health Emergency Operations Centre or a coordination mechanism for COVID-19;
- Number of designated laboratories with COVID-19 diagnostic equipment, test kits, and reagents;
- Number of acute healthcare facilities with isolation capacity;
- Number of suspected cases of COVID-19 reported and investigated per approved protocol;
- Number of diagnosed cases treated per approved protocol;
- Personal and community non-pharmaceutical interventions adopted by the country (e.g., installation of handwashing facilities, provision of supplies and behavior change campaigns, continuity of water and sanitation service provision in public facilities and households, schools closures, telework and remote meetings, reduce/cancel mass gatherings);
- Policies, regulations, guidelines, or other relevant government strategic documents incorporating a multi-sectoral health approach developed/or revised and adopted;
- Multi-sectoral operational mechanism for coordinated response to outbreaks by human, animal and wildlife sectors in place;
- Coordinated surveillance systems in place in the animal health and public health sectors for zoonotic diseases/pathogens identified as joint priorities; and
- Mechanisms for responding to infectious and potential zoonotic diseases established and functional; and
- Outbreak/pandemic emergency risk communication plan and activities developed and tested

**LEGAL COVENANTS**

Loan/Credit/TF	Description	Status	Action
IBRD-91050	<p>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.</p> <p>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.</p>	Complied with	No Change
IBRD-91050	<p>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.</p>	Complied with	No Change
IBRD-91050	<p>Annual Work Plans and Budgets Loan Agreement: Schedule 2, Section I.C Recurrent, Annual</p>	Complied with	No Change



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.

Environmental and Social Standards

Loan Agreement: Schedule 2, Section I.D

Recurrent, Continuous

IBRD-91050

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.

Complied with

No Change

Mid-term Review

Loan Agreement: Schedule 2, Section II.B

Once, 23 months after the Effective Date

IBRD-91050

Obligation of the Borrower to prepare and furnish to the Bank a mid-term report in form and substance satisfactory to the Bank.

Not yet due

No Change

The Borrower shall prepare and adopt a Vaccine Delivery and Distribution Manual, and thereafter ensure that the Project is carried out in accordance with the said Manual, and not amend, waive or abrogate any provisions of the manual unless the Bank agrees otherwise in writing.

Not yet due

New

Due Date: before in-country deployment of Project-supported vaccines

IBRD-91050

The Borrower shall take the measures related to the use of security or military personnel in the implementation of Project activities, in a manner satisfactory to the Bank

Not yet due

New



IBRD-91050	All activities carried out by AFP and/or PNP under the Project shall be under the coordination of DOH and shall be undertaken exclusively for the purposes related to the Project.	Not yet due	New
IBRD-91050	All goods, works, services, Operating Costs, and Training financed by the Loan proceeds may be used by the AFP and/or PNP under the coordination of DOH and strictly in accordance with the Project Operations Manual and other arrangements or protocols that the Bank may require for carrying out these activities	Not yet due	New
IBRD-91050	The Borrower shall update and redisclose the ESCP and SEP and take measures to ensure compliance with the updated ESCP, the environmental and social instruments referenced therein, and the Environmental and Social Standards Due Date: before in-country deployment of Project-supported vaccines	Not yet due	New
IBRD-91050	All COVID-19 Vaccines purchased and deployed under the Project shall satisfy the Vaccine Approval Criteria	Not yet due	New
IBRD-91050	The Borrower shall ensure that the ownership of any assets generated, goods procured, and works constructed by any security or military unit out of the Loan proceeds shall be transferred to, or shall vest, with DOH or any equivalent or appropriate line ministry or agency agreed with the Bank	Not yet due	New