

Project Administration Manual

Project Number: 55085-001
Loan Number: XXXX
June 2021

Democratic Socialist Republic of Sri Lanka:
Responsive COVID-19 Vaccines for Recovery under
the Asia Pacific Vaccine Access Facility

ABBREVIATIONS

ADB	–	Asian Development Bank
APVAX	–	Asia Pacific Vaccine Access Facility
COVAX	–	COVID-19 Vaccines Global Access
COVID-19	–	coronavirus disease
DMF	–	design and monitoring framework
FM	–	financial management
FMA	–	financial management assessment
GESI	–	gender equality and social inclusion
HSEP	–	Health System Enhancement Project
MOF	–	Ministry of Finance
MOH	–	Ministry of Health
MSD	–	Medical Supplies Division
MWM	–	medical waste management
NDVP	–	National Deployment and Vaccination Plan for COVID-19 Vaccines
OCR	–	ordinary capital resources
PAM	–	project administration manual
PCR	–	polymerase chain reaction
PMU	–	project management unit
SOE	–	statement of expenditure
SPC	–	State Pharmaceuticals Corporation of Sri Lanka
UNICEF	–	United Nations Children’s Fund
WHO	–	World Health Organization

CONTENTS

I.	PROJECT DESCRIPTION	1
II.	IMPLEMENTATION PLAN	4
	A. Project Readiness Activities	4
	B. Overall Project Implementation Plan	4
III.	PROJECT MANAGEMENT ARRANGEMENTS	5
	A. Project Implementation Organizations	5
	B. Key Persons Involved in Implementation	7
	C. Project Organization Structure	9
IV.	COSTS AND FINANCING	11
	A. Cost Estimates Preparation and Revisions	12
	B. Key Assumptions	12
	C. Detailed Cost Estimates by Expenditure Category	13
	D. Allocation and Withdrawal of Loan Proceeds	14
	E. Detailed Cost Estimates by Financier	15
	F. Detailed Cost Estimates by Outputs	16
	G. Detailed Cost Estimates by Year	17
	H. Contract and Disbursement S-Curve	18
	I. Fund Flow Diagram	20
V.	FINANCIAL MANAGEMENT	21
	A. Financial Management Assessment	21
	B. Disbursement	26
	C. Accounting and Financial Reporting	28
	D. Auditing and Public Disclosure	30
	E. Winding Up and Closure of the Loan Account	31
VI.	PROCUREMENT AND CONSULTING SERVICES	31
	A. Advance Contracting and Retroactive Financing	31
	B. Procurement of Goods, Works, and Consulting Services	32
	C. Procurement Plan	33
VII.	SAFEGUARDS	33
VIII.	GENDER AND SOCIAL DIMENSIONS	34
IX.	PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION	38
	A. Project Design and Monitoring Framework	38
	B. Monitoring	38
	C. Evaluation	38
	D. Reporting	39
	E. Stakeholder Communication Strategy	39
X.	ANTICORRUPTION POLICY	40
XI.	ACCOUNTABILITY MECHANISM	41
XII.	RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL	42

APPENDIXES:

1	Design and Monitoring Framework	43
2	Quarterly Financial Report to be Included in the Quarterly Progress Report	46
3	Procurement Plan	55

Project Administration Manual Purpose and Process

The project administration manual (PAM) describes the essential administrative and management requirements to implement the project on time, within budget, and in accordance with the policies and procedures of the government and Asian Development Bank (ADB). The PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The Ministry of Health (MOH) is wholly responsible for the implementation of ADB-financed projects, as agreed jointly between the borrower and ADB, and in accordance with the policies and procedures of the government and ADB. ADB staff is responsible for supporting implementation including compliance by MOH of its obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At loan negotiations, the borrower and ADB shall agree to the PAM and ensure consistency with the loan agreement. Such agreement shall be reflected in the minutes of the loan negotiations. In the event of any discrepancy or contradiction between the PAM and the loan agreement, the provisions of the loan agreement shall prevail.

After ADB Board approval of the project's report and recommendation of the President (RRP), changes in implementation arrangements are subject to agreement and approval pursuant to relevant government and ADB administrative procedures (including the Project Administration Instructions) and upon such approval, they will be subsequently incorporated in the PAM.

I. PROJECT DESCRIPTION

1. The Responsive COVID-19 Vaccines for Recovery Project under the Asia-Pacific Vaccine Access Facility (APVAX) of the Asian Development Bank (ADB) will provide the Government of Sri Lanka with immediate and flexible financing to implement projects activities through APVAX and from the regular country allocation.¹ The APVAX allocation comprises of a Rapid Response Component (RRC) to support the purchase of ADB eligible coronavirus disease 2019 (COVID-19) vaccines, while the regular country allocation under the Project Investment Component (PIC) will support to strengthen the vaccine information management system; physical infrastructure for vaccine delivery including transportation; and investments in systems for vaccine related medical waste management.

2. In April 2020, the Government of Sri Lanka requested emergency reallocation of \$15 million (\$10 million loan and \$5 million grant) from the ongoing ADB-financed Health System Enhancement Project (HSEP).² In addition to this reallocation, the ADB provided \$1 million (\$0.1 million in March 2020 and \$0.9 million in June 2020) technical assistance grant from the ADB Regional Technical Assistance (RETA 9950) and \$3 million grant in June 2020 from the Asia Pacific Disaster Relief Fund (APDRF G0702). The procurement of required items was managed through UNICEF. These COVID-19 resources amounting to \$19 million (\$10 in loan and \$9 million grant resources) were used to procure medical supplies, reagents, equipment, and materials for establishing molecular testing (polymerase chain reaction [PCR]) facilities, risk communication, and contact tracing to support management of COVID-19 response in Sri Lanka.

3. The Government of Sri Lanka, via the Ministry of Finance (MOF), has requested a total of \$150 million, comprising \$84 million under APVAX and \$66 million from the regular country allocation, to meet the cost of vaccines for 18.2% of the population, and also to support vaccine related monitoring systems, cold chain related transport facilities, activities to ensure gender equity and inclusivity, and to strengthen medical waste management related to COVID-19 and vaccination program.³

4. The proposed project will support the Government of Sri Lanka to ensure COVID-19 vaccine access to the population to curtail the pandemic, minimize the socioeconomic and health effects that result from it, and initiate the robust economic recovery process. The project is targeting the entire country across all 26 health districts in all nine provinces while ensuring that the geographically, socially, and economically deprived populations are protected from COVID-19 and its effects. The beneficiary population of the project is the total population of 22 million.⁴

5. **Impact and outcome.** The expected project impact will be the enhancement of the resilience and responsiveness of the health system to curtail the COVID-19 virus spread; reduce morbidity and mortality; and reduce the negative health, social, and economic effects of the

¹ The proposed Project was prepared under the OneADB approach following streamlined business processes outlined in the APVAX policy paper [R195-20], including an abbreviated Board circulation period.

² ADB. 2018. [*Report and Recommendation of the President to the Board of Directors: Proposed Loan and Grant to the Democratic Socialist Republic of Sri Lanka: Health System Enhancement Project*](#). Manila.

³ In addition, the Government of Sri Lanka has requested for \$80.5 million from the World Bank to meet the cost of vaccines and the rollout of the program for 13.6% of the total population while the COVAX facility will provide vaccines for 20% of the total population, Government of India in-kind donation for 1.1% of the total population, and the Government of the People's Republic of China in-kind donation for 1.3% of the total population.

⁴ 22 million beneficiaries from all four project outputs (not only the 4 million vaccine beneficiaries under output 1).

COVID-19 pandemic in Sri Lanka.⁵ The outcome will be priority populations of Sri Lanka vaccinated against COVID-19 as per the NDVP without compromising routine vaccine services and other health services. This outcome will be achieved through the following four outputs.

6. **Output 1: COVID-19 vaccines delivered.** Through the rapid response component (RRC), output 1 will finance procurement of safe and effective COVID-19 vaccines to cover 18.2% of the population (4 million population).⁶ By 2021, the government intends to cover at least 50% of the adult population including all frontline workers, comorbid population, working adults, and people over the age of 60. The output will support the government in reaching 80% COVID-19 vaccine coverage by 2023, with data disaggregated by sex, age, and geography.⁷ The vaccination campaign has already started following the NDVP and COVID-19 vaccination protocols.

7. **Output 2: Vaccination information dissemination and monitoring systems strengthened.** Through the project investment component (PIC), output 2 will support the Epidemiology Unit in the MOH to improve and enhance the electronic National Immunization Program (e-NIP) and its electronic adverse effects following immunization system under the routine vaccination program to include the COVID-19 vaccination program. This output will also support the Health Information Unit in the MOH to introduce a COVID-19 immunization tracker that will provide real-time individual beneficiary data and will help monitor the COVID-19 vaccine deployment. Although aggregate information is available from e-NIP, the new interoperable systems will enable real-time data on both routine and COVID-19 vaccination coverage by age, sex, and geographic area. Surveillance data will be shared with global and regional partners to support a collective response to the pandemic.⁸ Under the output, it is therefore intended to purchase and supply laptop computers and tablets to all medical officer of health units (354 units currently, each health unit will receive two laptop computers, eight tablets, and five routers) and provide training for managing the real-time data entry.

8. Output 2 will also support the MSD to purchase the required consumables, supplies, and essential equipment to roll out the vaccination program as described in the NDVP. This output also provides support to the MSD to improve the logistics, regulatory capacity, and procurement capacity by enhancing the existing Medical Supplies Management Information System for managing and tracking all drugs, vaccines, and consumables in the public health system. In addition, this output will support the MSD to collaborate with the Ministry of Finance to initiate e-procurement practices in the health sector. This includes upgrading software programs, purchasing computers, establishing internet connectivity, training, and networking hospitals and related institutions.

⁵ Government of Sri Lanka. 2020. *Sri Lanka Preparedness & Response Plan COVID-19*. Colombo; Government of Sri Lanka. 2021. *National Deployment and Vaccination Plan for COVID-19 Vaccines*. Colombo; and ADB. 2020. [ADB's Support to Enhance COVID-19 Vaccine Access](#). Manila.

⁶ ADB will finance expenditures in relation to the procurement of COVID-19 vaccines that meet the APVAX eligibility criteria stated in para. 29 (including footnotes 28, 29, and 30) of the APVAX policy paper (ADB. 2020. [ADB's Support to Enhance COVID-19 Vaccine Access](#). Manila; ADB. 2021. [Amendment to ADB's Support to Enhance COVID-19 Vaccine Access](#). Manila). The project will be guided by the Indicative Master List of Eligible Items, and Agreed List of Acceptable Expenditure Items ('Positive List'), for ADB-financing under the Rapid Response Component (accessible from the list of linked documents in Appendix 2).

⁷ In addition, the Government of Sri Lanka has requested \$80.5 million from the World Bank to meet the cost of vaccines and the rollout of the program for 13.6% of the total population, while the COVAX facility will provide vaccines for 20% of the total population; Government of India in-kind donation for 1.1% of the total population; and Government of the People's Republic of China in-kind donation for 1.3% of the total population.

⁸ The Epidemiology Unit reports daily on its website (www.epid.gov.lk) the relevant data and, from March 2021, has expanded the sentinel surveillance sites for tracking COVID-19 cases by testing all COVID-19 suspected patients at all secondary and tertiary care hospitals. The government is expected to share data updates with WHO, South Asian Association for Regional Cooperation (SAARC), and other regional and global entities in the long term.

9. Furthermore, support is provided to the HPB of the MOH to promote gender equality and social inclusion in access to the COVID-19 vaccination. Activities will include training community groups in reaching out to women and other vulnerable population groups with information on vaccinations (including specific information for pregnant and lactating women, or women with preexisting conditions and disabilities) and providing direct support to vulnerable groups to access the vaccination and related services in the respective medical officer of health areas. Finally, output 2 provides the management and technical support required to implement the project. This includes hiring experts for project management services like finance, procurement, engineering, information technology, and monitoring and evaluation for the project management unit (PMU) of the ongoing ADB-financed Health System Enhancement Project (HSEP).⁹ In addition, the relevant MOH technical units (Epidemiology, MSD, HPB, Environment, and Health Information) will each appoint a focal point to oversee respective components of the project.

10. **Output 3: Capacity of vaccine transport systems expanded.** Through the PIC, output 3 will support enhancement of the capacity of the vaccine transport system from central to regional levels and the vaccine distribution system from regional drug stores to the vaccination centers. When vaccines arrive in the country, they are stored in the central cold rooms managed by the Epidemiology Unit of the MOH. The Epidemiology Unit practices a push-out system; regularly trains its staff, including drivers, on cold-chain maintenance; maintains its vehicles; and delivers the vaccines in adequate quantities to each of the 26 regional drug stores in Sri Lanka. The regional drug stores deliver vaccines to the divisional stores for the routine system, but for COVID-19 vaccination program, as it is managed as a campaign, vaccines are delivered to the vaccination centers directly. This requires adequate cold-chain transport facilities for safe and timely delivery of vaccines. Therefore, this output will support the purchase of a small refrigerated truck for each of the 26 regional drug stores and 10 large trucks for the MOH. In addition, to maintain the routine vaccination program alongside the rollout of the COVID-19 vaccination program, transport facilities will be provided to ensure adequate human resources are mobilized for regional stores, divisional offices, vaccination centers, and regional offices for program supervision and management. This output will also provide transport facilities to enable vulnerable women and people with a disability to access vaccination centers.

11. **Output 4: Vaccine-related medical waste management strengthened.** Through the PIC, output 4 will support the implementation of the Medical Waste Management Plan of the MOH. With the expanded COVID-19 vaccination, as many as 32.0 million syringes and nearly 3.2 million vials will need to be discarded. The large number of polymerase chain reaction tests carried out (nearly 2 million) add to the volume of COVID-19 waste. In addition, with the establishment and conversion of secondary care hospitals into COVID-19 managed hospitals, many of these hospitals require well-designed sewerage management for appropriate infection prevention and control. This output will support the establishment of a sewerage system in 26 of the 87 (30%) of the secondary care hospitals in all nine provinces that require such systems.

12. Output 4 will also support improved medical waste management arrangements in six of the nine provinces in the country.¹⁰ Based on the Medical Waste Management Plan of the MOH, in the six provinces of Northern, Eastern, North Central, North Western, Uva, and Sabaragamuwa, the MOH will establish satellite waste management centers in identified secondary and tertiary

⁹ ADB. 2018. [Report and Recommendation of the President to the Board of Directors: Proposed Loan and Grant to the Democratic Socialist Republic of Sri Lanka: Health System Enhancement Project](#). Manila.

¹⁰ Medical waste management activities in the three provinces of Western, Southern, and Central (nine districts of Colombo, Gampaha, Kalutara, Kandy, Nuwera Eliya, Matale, Galle, Matara, and Hambantota) are currently managed by a private firm under a contract with the MOH. All medical waste from these provinces is taken by the firm and disposed at a state-of-the-art facility managed by the firm.

Activities	2021			2022				2023				2024			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
for each technical unit of the MOH (Epidemiology Unit, Medical Supplies Division, Health Promotion Bureau and Health Information unit) recruited															
Output 3: Capacity of vaccine transport systems expanded															
a. Vehicle hiring facilities via 25 district-specific contracts available for all 9 provinces															
b. 36 refrigerated trucks for MOH and RMSDs (10 to MOH (2 to Epidemiology Unit; and 1 to FHB and 7 to MSD), and 1 to each of the 26 Regional Medical Supplies divisions) procured															
c. Gender consultant and HPB conduct training program on gender and socially inclusive communication for mobile communication teams in medical officers of health areas															
d. Training manuals developed addressing the needs of pregnant and lactating women, women with disabilities, identifying GBV cases, and providing referral support to survivors															
Output 4: Vaccine related medical waste management strengthened															
a. 12 incinerators procured and installed in identified hospitals in the 6 provinces (Uva, Sabaragamuwa, North Western, North Central, North, and East)															
b. Clustered HCWM activities introduced at each of the 12 hospitals															
c. 26 sewerage systems in the identified 26 COVID-19 managed hospitals will be reviewed, cost estimated, repaired and renovated															
B. Project Management Activities															
a. Conduct procurement value-for-money analysis and post-review sampling															
b. Prepare and submit quarterly and annual progress reports															
c. Submit annual audited project financial statement															
d. Submit periodic performance audits on NDVP implementation															
e. Prepare project completion report															

COVID-19 = coronavirus disease, DMF = design and monitoring framework, FHB = Family Health Bureau, GBV = gender-based violence, HCWM = health care waste management, HPB = Health Promotion Bureau, MOH = Ministry of Health, MSD = Medical Supplies Division, NDVP = National Deployment and Vaccination Plan for COVID-19 Vaccines, RMSD = Regional Medical Supplies Division.

Source: Asian Development Bank.

III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Implementation Organizations

14. **Executing and implementing agency.** MOH will be the executing and implementing agency. MOH will implement the project in coordination with the State Ministry of Pharmaceutical Production Supply and Regulation (SMPPSR), and the State Ministry of Primary Health Care Epidemics and COVID-19 Disease Control (SMPHCECDC). MOH will be supported by the PMU of Health System Enhancement Project (HSEP-PMU). PMU will be provided required additional

technical and managerial staff to implement the project. Ministry of Finance (MOF) will ensure adequate budget appropriation and smooth funds flow. The Departments of National Planning, Project Management and Monitoring, National Budget, Treasury Operations, and External Resources of the MOF will be in the project's National Steering Committee to monitor project progress.

15. **National Steering Committee.** A high-level National Steering Committee (NSC) will be established before inception of the project. The NSC will meet quarterly at the initial stage and as needed, to provide project oversight, review project progress, provide policy guidance, and facilitate inter-ministerial and interagency coordination and exchange of lessons. It will be chaired by the Secretary, MOH. The Committee will include Secretary, SMPPSR; secretary, SMPHCECDC; Additional Secretary-Public Health; Additional Secretary-Development; DG-Health Services; DG/CFO-Finance and Accounts; DDGs of Planning, Public Health Services I and II, Medical Supplies Division, Logistics, Environment and Occupational Health; Finance Directors; Chief Epidemiologist; Director Planning; director Health Information; director Medical Supplies Division; director Buildings; director Transport; director Health Promotion Bureau; director Environment and Occupational Health; director Procurement; Finance; Technical representatives from MSD, Epidemiology Unit, Health Information, Environment, and Health Promotion Bureau; Representative from ERD, NPD; NBD; TOD; DPMM; Deputy Project Director, Project Finance Manager, Procurement Specialist, and Monitoring and Evaluation Officer from PMU, and other relevant members decided by Secretary of MOH. It will also include other line Ministries and provincial authorities as applicable. ADB will selectively participate in NSC meetings.

16. **Project Management Unit.** HSEP-PMU under MOH will implement the project with the existing staff until the additional technical and managerial staff are recruited. The main functions of the PMU will be to ensure timely and effective project planning, management, implantation, and coordination with the various project stakeholders, and monitor the progress; report to the government and ADB. The PMU will include additional staff (project director-in-charge of the project; senior project engineer; internal auditor; accountant; senior technical officer; two technical assistants; ICT officer; two procurement officers; two finance officers; M&E officer; two project assistants, and two management assistants). A subunit of PMU will be established at the epidemiology unit of MOH and it will be staffed with a senior consultant, M&E officer, IT specialist, IT assistant, and an office assistant. In addition, four units mainly involved in project implementation at MOH, i.e., HPB (Project Officer), HIU (Project Officer), Environment Unit (Environment Officer), and MSD (IT Officer), will be given one staff each from the project under incremental administrative costs. All these additionally recruited staff will be recruited to PMU and will be placed in the designated units for smooth implementation and monitoring of the project. The project director will be responsible for the implementation of the Gender Equality and Social Inclusion (GESI) Action Plan with the support from the GESI consultant.

17. SMPPSR has the prime responsibility of procuring the pharmaceutical supplies in the country. SMPPSR administrates these procurements through the MSD and SPC, the procurement agent of MOH. SMPPSR for the purpose of this project will transfer the budgetary provision for pharmaceutical supplies under the project to MOH/PMU and help project implementation through the MSD and SPC. Secretary SMPPSR will be a member of the NSC.

18. SMPHCECDC will collaborate with MOH and its relevant units in implementation of the project and provide guidance through the NSC. Secretary SMPHCECDC will represent NSC.

Table 3: Roles and Responsibilities

Project Implementation Organizations	Management Roles and Responsibilities
Ministry of Health	<ul style="list-style-type: none"> • Serve as executing agency and implementing agency • Ensure the day-to-day management and implementation • Ensure adequate counterpart in-kind contribution. • Liaise directly with ADB on all concerns related to this project.
State Ministry of Pharmaceutical Production, Supply and Regulation	<ul style="list-style-type: none"> • Transfer budget provisions relating to medical supplies under the loan to MOH • Ensure MSD and SPC coordination and corporation to handle supplies of vaccines and other related consumables planned to be procured under the loan.
Project Management Unit of the ongoing ADB-financed Health System Enhancement Project	<ul style="list-style-type: none"> • Manage, coordinate, and monitor activities with project stakeholders. • Oversee day-to-day administration and implementation of the project • Ensure that suppliers are compliant with MOH standards • Manage budgeting and financial planning/reporting, and disbursement • Ensure auditing of loan proceeds • Set-up, manage and maintain project advance accounts • Prepare withdrawal application, complete with all required disbursement-related documentation • Submit quarterly progress reports (and consolidated annual report) to ADB in agreed format • Prepared other reports specified in the loan agreement • Establish, maintain and update the project performance monitoring system • Prepare project completion report with support from consultants • Prepare contract documents for further approval • Follow procurement plan in consultation with ADB • Submit annual contract award and disbursement projections • Monitor and ensure compliance with ADB's Safeguard Policy Statement • Submit Gender Action Plan monitoring report to ADB
Asian Development Bank	<ul style="list-style-type: none"> • Assist with the vaccine procurement through advice on the volatile market, associated procurement related risks, review, and input on contracts under bilateral agreements, assistance with price validation, and support in the negotiation process. • Approve withdrawal applications for ADB • Disburse funds for ADB's portion of eligible expenditures • Monitor compliance with loan agreement, financing agreement, procedures and the project administration manual • Conduct periodic reviews including mid-term and completion reviews to assess project implementation progress towards achieving the project outcome and outputs, compliance to loan covenants, environment and safeguards requirements, and gender action plan

ADB = Asian Development Bank, MSD = Medical Supplies Division of MOH, MOH = Ministry of Health, SPC = State Pharmaceuticals Corporation of Sri Lanka.

Source: Asian Development Bank.

B. Key Persons Involved in Implementation

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C. Project Organization Structure

Figure 1.a: Implementation Organization Structure

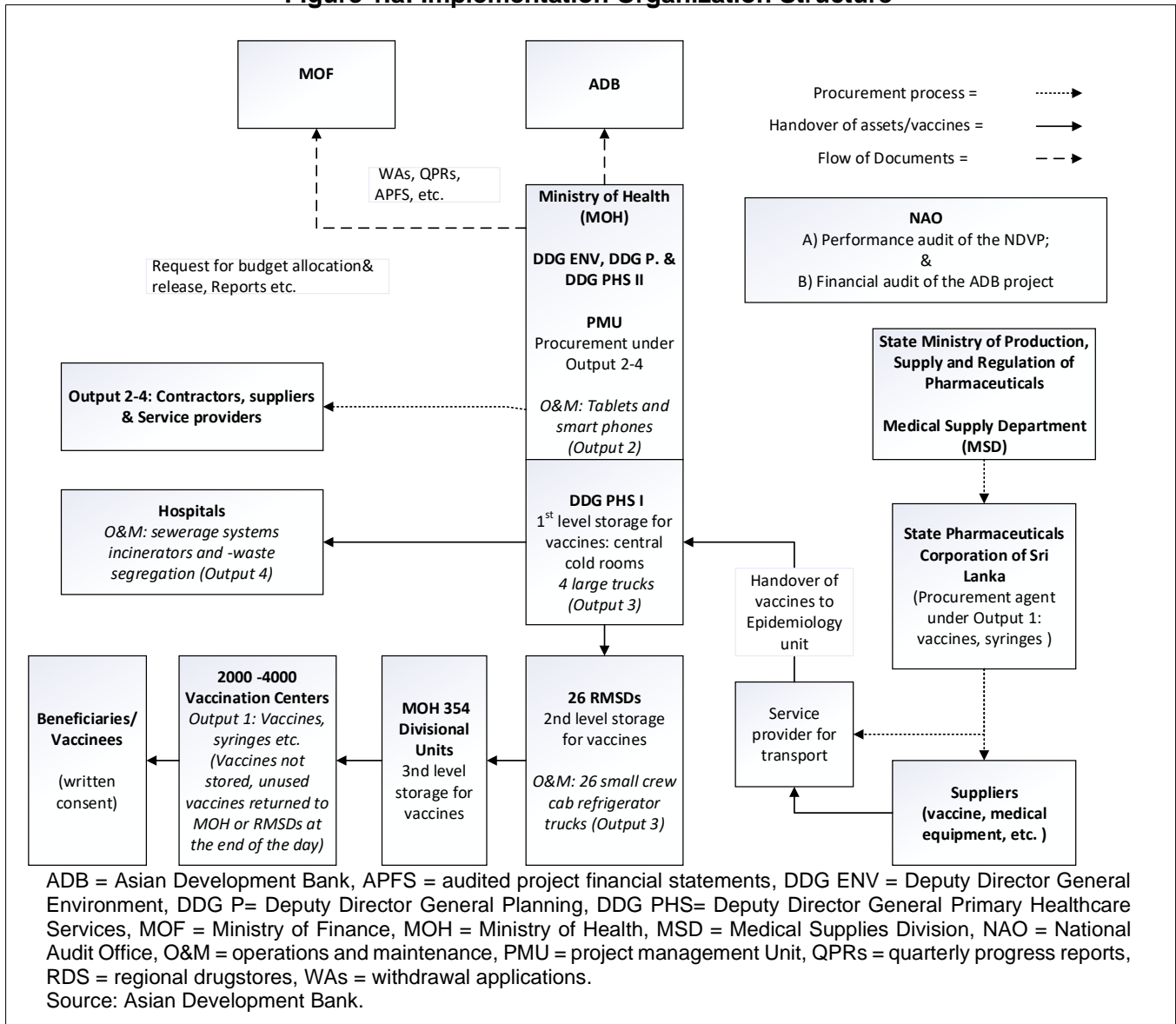
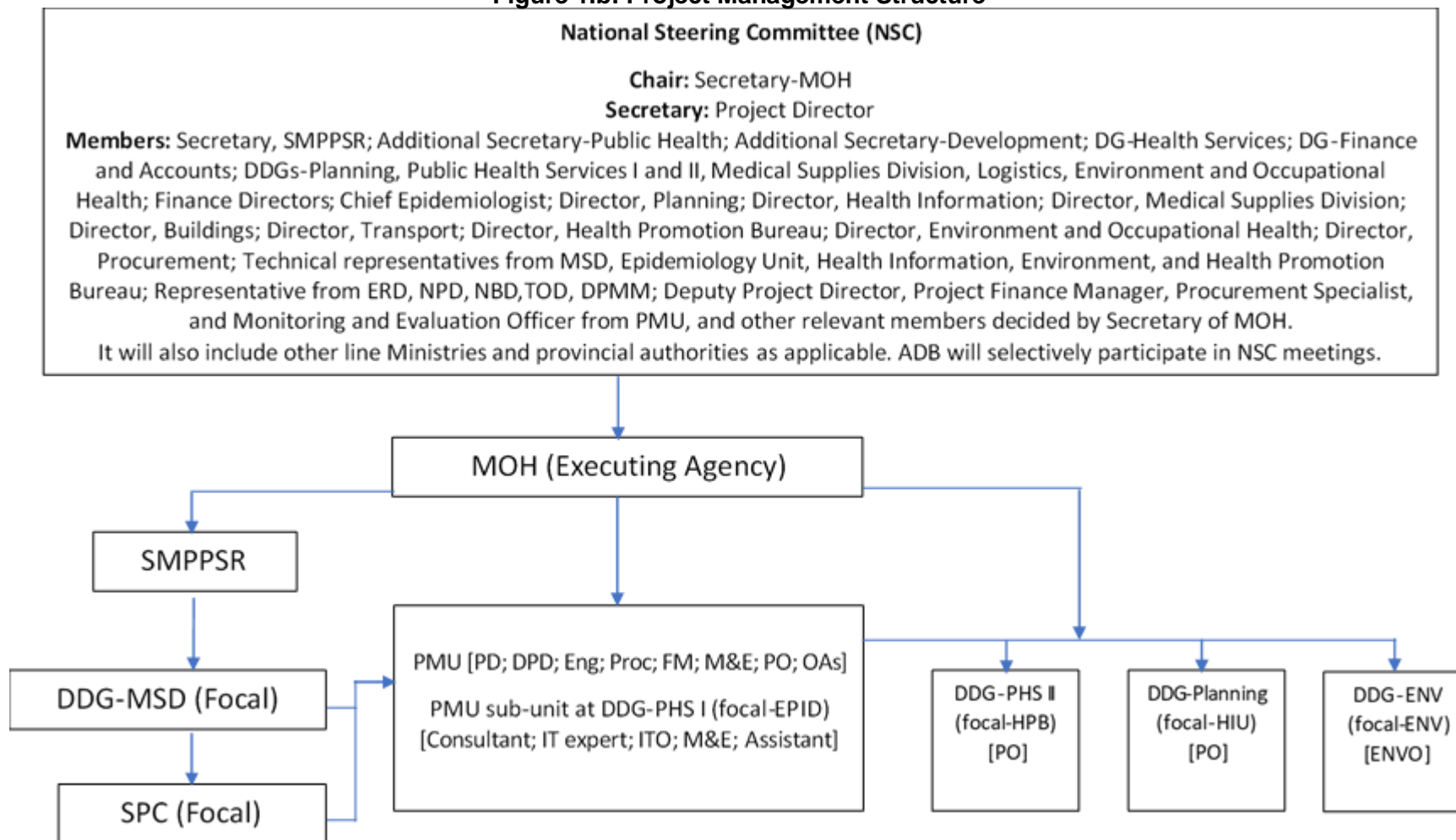


Figure 1.b: Project Management Structure



ADB = Asian Development Bank, DG = Director General, DDG = Deputy Director General, DPMM = Department of Project Management and Monitoring, ENV = Environment Unit, ENVO = Environment Officer, EPID = Epidemiology Unit, ERD = Department of External Resources, HIU = Health Information Unit, HPB = Health Promotion Bureau, IT = information technology, ITO = IT Officer, M&E = monitoring and evaluation, MOH = Ministry of Health, MSD = Medical Supplies Division, NBD = Department of National Budget, NPD = Department of National Planning, NSC = National Steering Committee, OA = Office Assistant, PD = Project Director, PHS = Primary Health Care, PMU = Project Management Unit, PO = Project Officer, SPC = State Pharmaceuticals Corporation of Sri Lanka, TOD = Treasury Operations Department.

IV. COSTS AND FINANCING

19. The project is estimated to cost \$161.85 million, inclusive of taxes and duties, physical and price contingencies, interest, and other charges during implementation (Table 4).

Table 4: Summary Cost Estimates

Item	Description	Amount (\$ million) ^a	Cost Share (%)
A.	Base cost^b		
1	COVID-19 vaccines delivered	84.00	51.9
2	Vaccination information dissemination and monitoring systems strengthened	34.37	21.2
3	Capacity of vaccine transport systems increased	3.28	2.0
4	Vaccine related medical waste management strengthened	26.39	16.3
	Subtotal (A)	148.04	91.4
B.	Contingencies^c		
1	Physical contingencies	7.40	4.6
2	Price contingencies	5.18	3.2
	Subtotal (B)	12.58	7.8
C.	Financing charges during implementation^d		
1	Interest during implementation	0.99	0.6
2	Commitment charges	0.24	0.2
	Subtotal (C)	1.23	0.8
	Total Cost (A+B+C)	161.85	100.0

^a In May 2021 prices; US\$1 = LKR196.67 is used.

^b The project costs are inclusive of taxes and duties (\$11.85 million) to be financed in cash by the government.

^c Physical contingencies are computed at 5.0% for civil works and equipment. Price contingencies are computed at 1.6%-1.8% on foreign exchange costs and 4.5%-4.8% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

^d Includes interest and commitment charges. Both loans will have annual interest rate determined in accordance with ADB's London interbank offered rate (LIBOR)-based lending facility; a commitment charge of 0.15% per annum; and such other terms and conditions set forth in the loan agreements between ADB and the government.

Source: Asian Development Bank.

20. The summary project financing plan is in Table 5. ADB will finance a combined 92.7% of the total project cost. The full amount of the ADB financing for the RRC (\$84 million) from the APVAX facility will finance expenditures in relation to vaccines, while the balance of the ADB financing for the PIC (\$66 million) from the regular country allocation will finance consumables associated with vaccines, services, equipment, vehicles, and project administration. The government's contribution will cover all applicable direct local taxes (value-added tax).

21. The loan under the RRC will have a 10-year term including a grace period of 3 years, while the loan under the PIC will have a 29-year term, including a grace period of 8 years. Both loans will have annual interest rate determined in accordance with ADB's London interbank offered rate (LIBOR)-based lending facility; a commitment charge of 0.15% per annum; and such other terms and conditions set forth in the loan agreements between ADB and the government.

Table 5: Project Financing Plan

Source	Amount (\$million)	Share of Total (%)
Asian Development Bank	150.00	92.7
Ordinary capital resources (APVAX RRC loan) ^a	84.00	51.9
Ordinary capital resources (APVAX PIC loan) ^b	66.00	40.8
Government of Sri Lanka	11.85	7.3
Total	161.85	100.0

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

^a Financed by APVAX.

^b Financed by the regular country allocation.

Source: Asian Development Bank estimates.

A. Cost Estimates Preparation and Revisions

22. The cost estimates were prepared in US dollars. The cost estimates were discussed and agreed with MOH during project processing. The determination of the volume of vaccines from prospective suppliers along with the associated costs of storing, distributing, administering, and monitoring vaccine rollout were derived from the government's detailed vaccine rollout plans with MOH. The vaccine unit costs are provided as indicative rates based on early discussions the government has had with prospective suppliers. During project implementation, the responsibility for updating the cost estimates will be with MOH.

23. The cost estimates are fluid and may change as the market prices of COVID-19 vaccines and other costs continue to be volatile and uncertain.

B. Key Assumptions

24. The following key assumptions underpin the cost estimates and financing plan:

- (i) exchange rate: 196.67 (as of May 2021);
- (ii) physical contingencies are computed at 5%;
- (iii) price contingencies based on expected cumulative inflation over the implementation period are as follows:

Table 6: Escalation Rates for Price Contingency Calculation

Item	2021	2022	2023	2024	Average
Foreign rate of price inflation (USD)	4.8%	4.5%	4.5%	4.5%	4.6%
Domestic rate of price inflation (LKR)	1.6%	1.7%	1.7%	1.8%	1.7%

Source: Asian Development Bank estimates.

C. Detailed Cost Estimates by Expenditure Category

Table 7: Detailed Cost Estimates by Expenditure Category
(in \$ million)

	Foreign Exchange	Local Currency	Total	% of Total Base Cost
A. Investment Costs				
1 Vaccines	68.04	22.68	90.72	61.3%
2 Equipment	10.61	3.54	14.15	9.6%
3 Works	17.00	5.67	22.67	15.3%
4 Vehicles	1.69	0.56	2.25	1.5%
5 Services	10.36	3.45	13.81	9.3%
Subtotal (A)	107.70	35.90	143.61	97.0%
B. Recurrent Costs				
1 Incremental Administration	3.32	1.11	4.43	3.0%
Subtotal (B)	3.32	1.11	4.43	
Total Base Cost			148.04	100.0%
C. Contingencies				
1 Physical	5.55	1.85	7.40	5.0%
2 Price	3.89	1.30	5.18	3.5%
Subtotal (C)	9.44	3.15	12.58	8.5%
D. Financing Charges				
1 Interest during implementation	0.99	-	0.99	0.7%
2 Commitment charges	0.24	-	0.24	0.2%
Subtotal (D)	1.23	-	1.23	0.8%
Total Project Cost (A+B+C+D)	121.69	40.16	161.85	109.3%

Notes: Numbers may not sum precisely because of rounding.

Source: Asian Development Bank estimates.

D. Allocation and Withdrawal of Loan Proceeds**Table 8.a: Allocation and Withdrawal of ADB APVAX RRC Loan Proceeds**

No.	Item	Total Amount Allocated for ADB Financing (\$)	Percentage and Basis for Withdrawal from Loan Account
1	Eligible Vaccines**	84,000,000	100%* of amount claimed
	Total	84,000,000	

ADB = Asian Development Bank, APVAX = Asia Pacific Vaccine Access Facility, RRC = rapid response component.

*Exclusive of taxes and duties imposed in the territory of the Borrower.

**Subject to the condition for withdrawal described in paragraph 8 of Schedule 3.

Source: Asian Development Bank estimates.

Table 8.b: Allocation and Withdrawal of ADB APVAX PIC Loan Proceeds

No.	Item	Total Amount Allocated for ADB Financing (\$)	Percentage and Basis for Withdrawal from Loan Account
1	Equipment	13,104,271	100%* of amount claimed
2	Works	20,989,475	100%* of amount claimed
3	Vehicles	2,084,710	100%* of amount claimed
4	Services	12,789,810	100%* of amount claimed
5	Incremental Administration	4,104,758	100%* of amount claimed
6	Interest and Commitment Charges	1,228,813	100% of amount due
7	Unallocated	11,698,163	
	Total	66,000,000	

ADB = Asian Development Bank, APVAX = Asia Pacific Vaccine Access Facility, PIC = project investment component.

*Exclusive of taxes and duties imposed in the territory of the Borrower.

Source: Asian Development Bank estimates.

E. Detailed Cost Estimates by Financier

Table 9: Detailed Cost Estimates by Financier
(\$ million)

	ADB (APVAX RRC)		ADB (APVAX PIC)		GOSL		Total Cost	
	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount	Taxes and Duties
A. Investment Costs								
1 Vaccines	84.00	92.6	-	0.0	6.72	7.4	90.72	6.72
2 Equipment	0.00	0.0	13.10	92.6	1.05	7.4	14.15	1.05
3 Works	0.00	0.0	20.99	92.6	1.68	7.4	22.67	1.68
4 Vehicles	0.00	0.0	2.08	92.6	0.17	7.4	2.25	0.17
5 Services	0.00	0.0	12.79	92.6	1.02	7.4	13.81	1.02
Subtotal (A)	84.00	58.5	48.97	34.1	10.64	7.4	143.61	10.64
B. Recurrent Costs								
1 Incremental administration	0.00	0.0	4.10	92.6	0.33	7.4	4.43	0.33
Subtotal (B)	-	0.0	4.10	92.6	0.33	7.4	4.43	0.33
C. Contingencies								
1 Physical	-	0.0	6.85	92.6	0.55	7.4	7.40	0.55
2 Price	-	0.0	4.85	93.6	0.33	6.4	5.18	0.33
Subtotal (C)	-	0.0	11.70	93.0	0.88	0.07	12.58	0.88
D. Financing Charges								
1 Interest during implementation	-	0.0	0.99	100.0	-	0.0	0.99	
2 Commitment charges	-	0.0	0.24	100.0	-	0.0	0.24	
Subtotal (D)	-	0.0	1.23	100.0	-	0.0	1.23	-
Total Project Cost (A+B+C+D)	84.00	51.9	66.00	40.8	11.85	7.3	161.85	11.85

ADB = Asian Development Bank, APVAX = Asia-Pacific Vaccine Access Facility, COVID-19 = coronavirus disease, GOSL = Government of Sri Lanka, PIC = project investment component, RRC = rapid response component.

Note: The project costs are inclusive of taxes and duties of \$11.85 million to be financed in cash by the government.

Source: Asian Development Bank estimates.

F. Detailed Cost Estimates by Outputs

Table 10: Detailed Cost Estimates by Output
(\$ million)

Item	Output 1		Output 2		Output 3		Output 4		Total
	Amount	% of Category	Amount	% of Category	Amount	% of Category	Amount	% of Category	
A. Investment Costs									
1 Vaccines	84.00	92.6%	6.72	7.4%	0.00	0.0%	0.00	0.0%	90.72
2 Equipment	-	0.0%	12.44	87.9%	-	0.0%	1.71	12.1%	14.15
3 Works	-	0.0%	-	0.0%	-	0.0%	22.67	100.0%	22.67
4 Vehicles	-	0.0%	-	0.0%	2.25	100.0%	-	0.0%	2.25
5 Services	-	0.0%	12.99	94.0%	-	0.0%	0.82	6.0%	13.81
Subtotal (A)	84.00	58.5%	32.15	22.4%	2.25	1.6%	25.20	17.5%	143.61
B. Recurrent Costs									-
1 Incremental administration	-	0.0%	2.22	50.1%	1.03	23.2%	1.19	26.8%	4.43
Subtotal (B)	-	0.0%	2.22	50.1%	1.03	23.2%	1.19	26.8%	4.43
C. Contingencies									
1 Physical	4.20	56.7%	1.72	23.2%	0.16	2.2%	1.32	17.8%	7.40
2 Price	2.94	56.7%	1.20	23.2%	0.11	2.2%	0.9	17.8%	5.18
Subtotal (C)	7.14	56.7%	2.92	23.2%	0.28	2.2%	2.2	17.8%	12.58
D. Financing Charges									-
1 Interest during implementation	0.56	56.7%	0.23	23.2%	0.02	2.2%	0.18	17.8%	0.99
2 Commitment charges	0.24	100.0%						0.0%	0.24
Subtotal (D)	0.80	65.2%	0.23	18.7%	0.02	1.8%	0.18	14.3%	1.23
Total Project Cost (A+B+C+D)	91.94	56.8%	37.52	23.2%	3.58	2.2%	28.8	17.8%	161.85

Source: Asian Development Bank estimates.

G. Detailed Cost Estimates by Year

Table 11: Detailed Cost Estimates by Year
(\$ million)

Item	Total Cost	2021	2022	2023	2024
A. Investment Costs					
1 Vaccines	90.72	18.14	72.58	-	-
2 Equipment	14.15	1.80	9.85	2.00	0.50
3 Works	22.67	-	9.46	10.57	2.64
4 Vehicles	2.25	-	2.25	-	-
5 Services	13.81	1.88	9.88	1.64	0.41
Subtotal (A)	143.61	21.82	104.01	14.21	3.55
B. Recurrent Costs					
1 Incremental administration	4.43	0.76	1.51	1.51	0.65
Subtotal (B)	4.43	0.76	1.51	1.51	0.65
C. Contingencies					
1 Physical	7.40	1.13	5.28	0.79	0.21
2 Price	5.18	0.44	3.76	0.85	0.13
Subtotal (C)	12.58	1.57	9.04	1.64	0.34
D. Financing Charges					
1 Interest during implementation	0.99	0.04	0.53	0.19	0.23
2 Commitment charges	0.24	0.10	0.11	0.02	0.00
Subtotal (D)	1.23	0.14	0.65	0.21	0.23
Total Project Cost (A+B+C+D)	161.85	24.29	115.21	17.57	4.77
% Total Project Cost	100.0%	15.0%	71.2%	10.9%	2.9%

Source: Asian Development Bank estimates.

H. Contract and Disbursement S-Curve

Table 12.a: APVAX RRC Contract Awards and Disbursement Baseline Projections
(\$ million)

	Total ADB Financing											
	Contract Award						Disbursement					
	Q1	Q2	Q3	Q4	Total	Cum	Q1	Q2	Q3	Q4	Total	Cum
2021	-	-	84.0	-	84.0	84.0	-	-	-	16.8	16.8	16.8
2022	-	-	-	-	-	84.0	16.8	16.8	16.8	16.8	67.2	84.0
2023	-	-	-	-	-	84.0	-	-	-	-	-	84.0
2024	-	-	-	-	-	84.0	-	-	-	-	-	84.0

ADB = Asian Development Bank, APVAX = Asia Pacific Vaccine Access Facility, Cum = cumulative, Q = quarter, RRC = rapid response component.

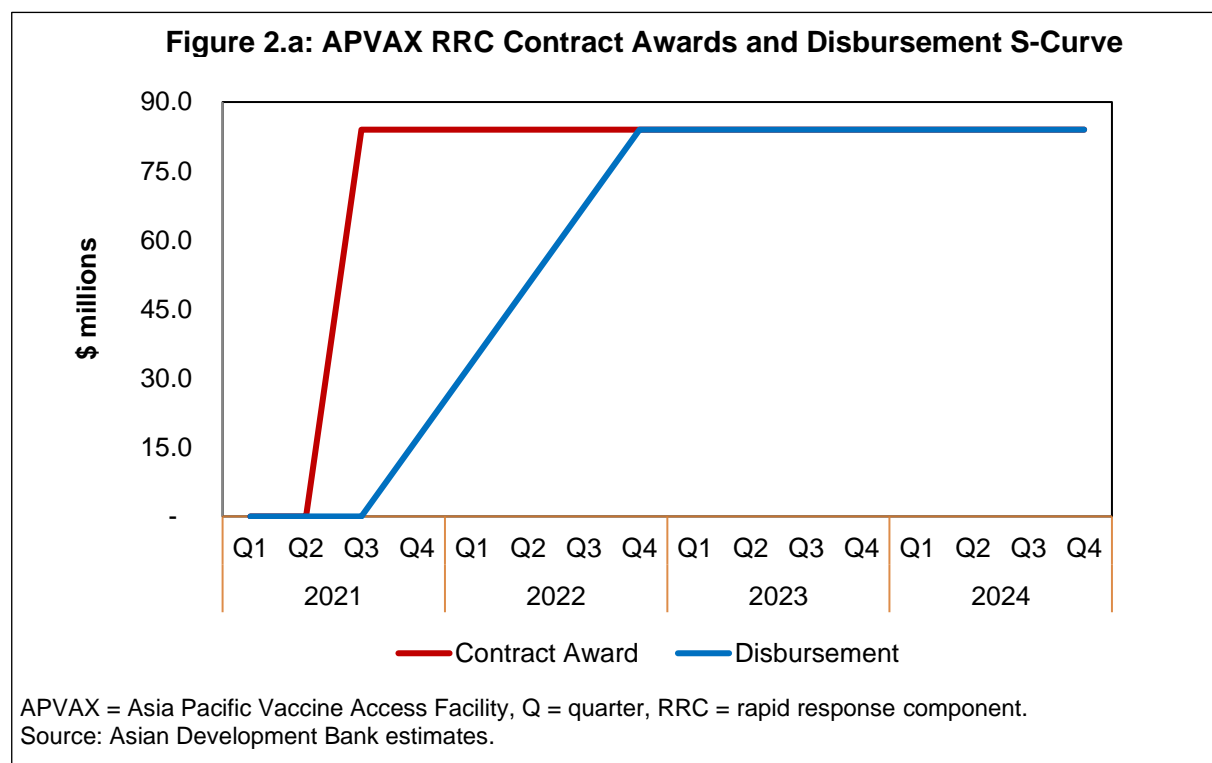
Source: Asian Development Bank estimates.

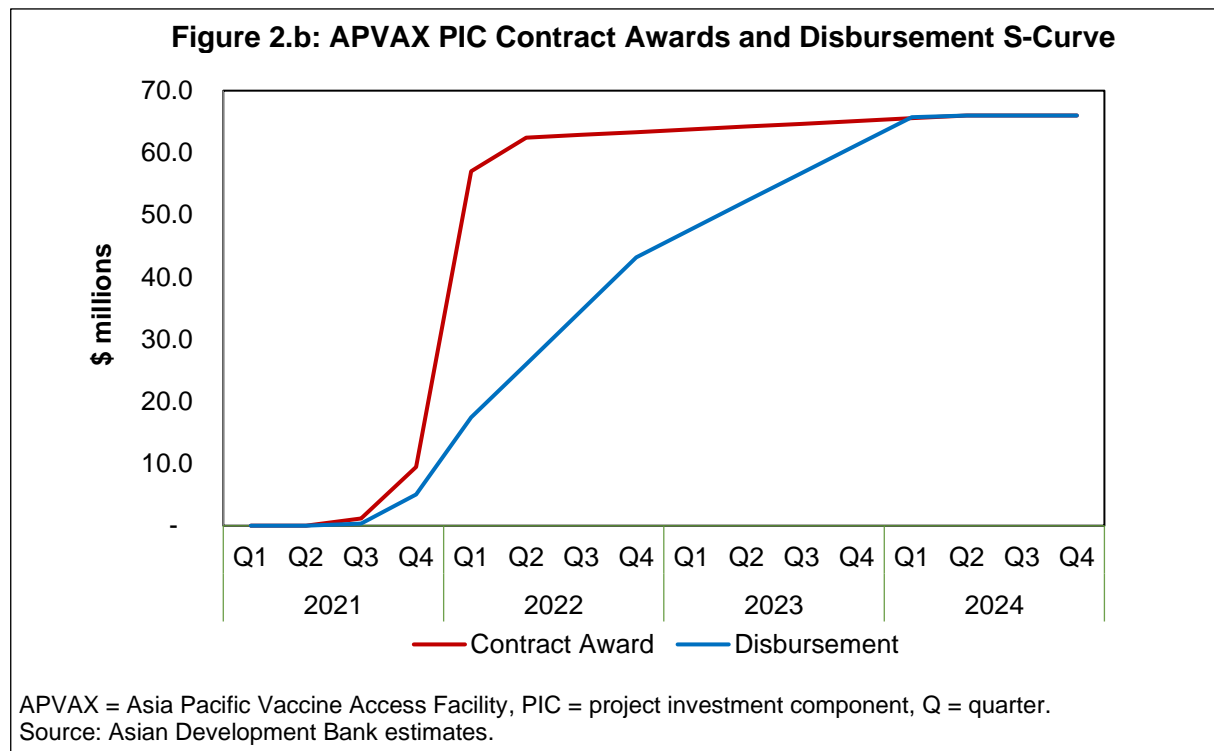
Table 12.b: APVAX PIC Contract Awards and Disbursement Baseline Projections
(\$ million)

	Total ADB Financing											
	Contract Award						Disbursement					
	Q1	Q2	Q3	Q4	Total	Cum	Q1	Q2	Q3	Q4	Total	Cum
2021	-	-	1.2	8.3	9.4	9.4	-	-	0.4	4.7	5.0	5.0
2022	47.6	5.4	0.4	0.4	53.9	63.3	12.4	8.5	8.6	8.6	38.2	43.2
2023	0.4	0.4	0.4	0.4	1.8	65.1	4.5	4.5	4.5	4.5	18.0	61.2
2024	0.4	0.4	-	-	0.9	66.0	4.5	0.3	-	-	4.8	66.0

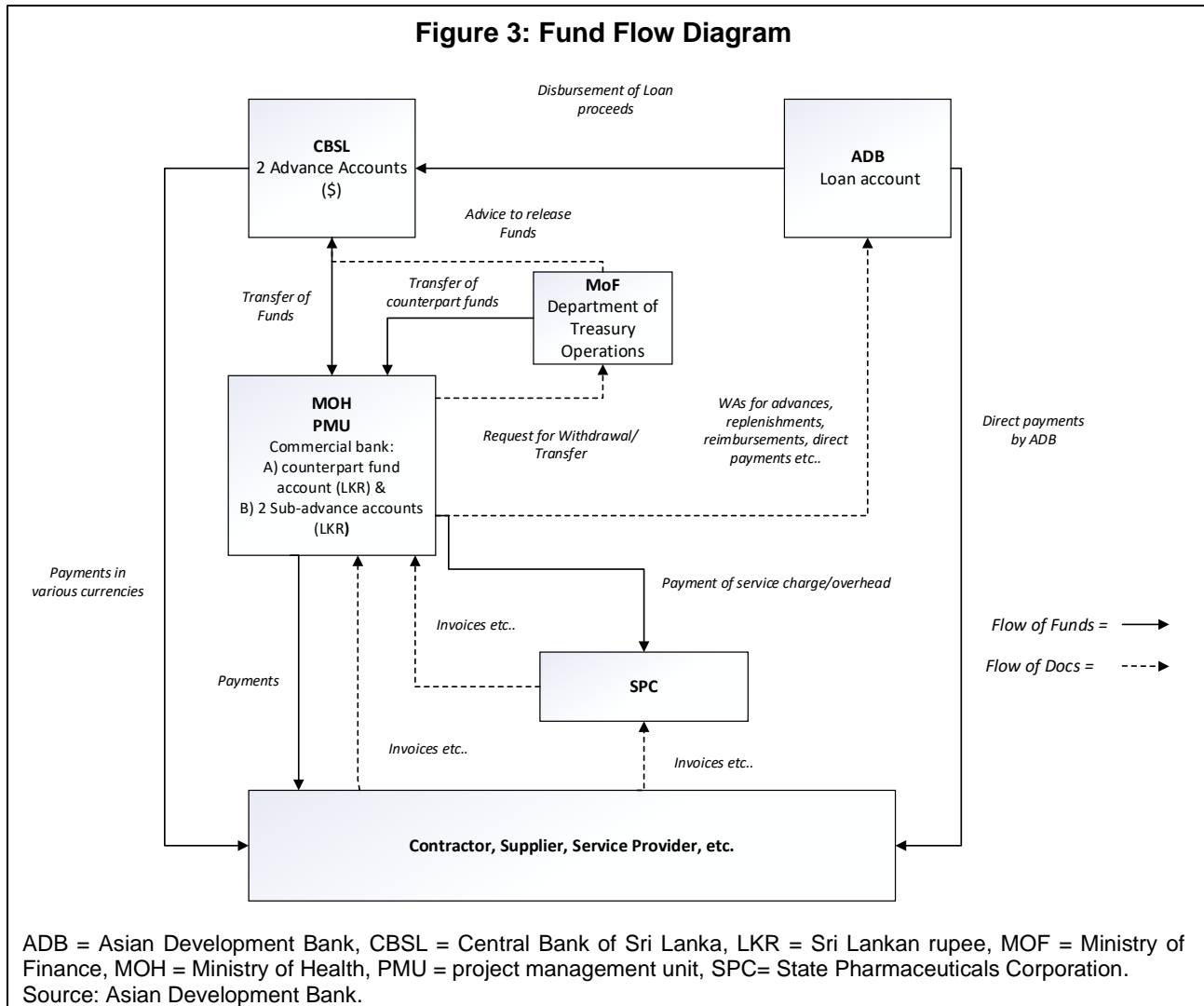
ADB = Asian Development Bank, APVAX = Asia Pacific Vaccine Access Facility, Cum = cumulative, PIC = project investment component, Q = quarter.

Source: Asian Development Bank estimates.





I. Fund Flow Diagram



V. FINANCIAL MANAGEMENT

A. Financial Management Assessment

25. A financial management assessment (FMA) has been conducted for MOH in accordance with ADB's Guidelines.¹¹ The FMA focused on fund flows, staffing, accounting policies and procedures, internal controls, financial reporting and monitoring and internal and external audit. In addition, an assessment was conducted on the national deployment and vaccination plan¹² in the areas of inventory management, data management, accounting, oversight, and audit. The purpose of the FMA is to ensure that adequate financial management arrangements are in place for the achievement of project objective.

26. MOH has an established track record in conducting vaccination programs and adequate procedures and systems are in place. Moreover, the MOH is currently implementing an ADB financed project through a PMU, which will also be used for the proposed project. The FMA found that the MOH and its PMU have adequate financial management capacity to: (i) record the required financial transactions, (ii) provide reliable annual financial statements and audit reports, (iii) safeguard the financial assets and (iv) manage the advance account and the statement of expenditure (SOE) procedure up to a ceiling of \$200,000 under ADB's disbursement procedures. The FMA also found that the PMU has demonstrated satisfactory performance in complying with ADB's financial management requirements. However, the pre-mitigation financial management (FM) risk is assessed as *Substantial* mainly because of: (i) the scale and complexity of the project, (ii) potential delays in the release of government counterpart funds, and (iii) the lack of fully integrated systems for tracking the vaccine distribution, including the use of manual systems at the district level to record the vaccine stock.

27. The FM risk will be mitigated through the following actions, which have been agreed with the government:

- i) Strengthening the FM capacity of the PMU by engaging additional financial staff to support the PMU;
- ii) Ensuring that sound fixed asset, inventory and vaccine stock management processes and systems are maintained at all levels;
- iii) Including comprehensive FM information including detailed comparison of physical and financial progress in the quarterly progress reports submitted to ADB;
- iv) Prioritizing routine internal audits on fixed asset management, inventory and vaccine stock practices and systems to ensure proper controls are in place to safeguard assets from fraud, waste, and abuse; and
- v) Having the National Audit Office conduct financial, compliance and performance audits of the execution of the vaccination plan.

28. Moreover, the project will maintain separate books of accounts in accordance with government's accounting standards and the project financial statements will be audited annually by the National Audit Office in accordance with International Audit Standards. The detailed financial management risks and mitigation actions are summarized in the table below.

¹¹ Technical Guidance Note on Financial Management Assessment, ADB, 2015; ADB's Support to Enhance COVID-19 Vaccine Access (APVAX) policy paper, ADB, 2020; and APVAX Guidance Note, ADB, 2021.

¹² Ministry of Health, Government of Sri Lanka. 2021. National Deployment and Vaccination Plan (NDVP) for COVID-19 Vaccines.

Table 13: Financial Management Inherent and Control Risk Assessment

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan
Inherent Risk		
1. Country Specific	<u>Moderate</u> Overall, the government has adequate PFM systems in place. However, there is scope for improving compliance with the national systems and regulations as well as the FM capacity at various levels.	ADB to closely monitor the ongoing PFM reforms and initiatives including the launch of the ITMIS.
2. Entity-specific	<u>Moderate</u> MOH has an established track record in conducting vaccination programs and adequate procedures and systems are in place. Moreover, the MOH is currently implementing an ADB financed project with a satisfactory track record.	The PMU and the FM arrangements of the ongoing project will be used for the proposed project with necessary modifications. The project will also further strengthen the capacity of MOH to monitor the implementation of the NDVP) for COVID-19 Vaccines.
3. Project specific risk	<u>Substantial</u> The number of transactions is expected to be limited. However, the scale and geographical coverage of the activities as well as the number of actors involved in implementation may pose challenges.	Project specific mitigation measures are outlined in the section below.
Overall Inherent Risk	Substantial	
Project Risk		
1. Implementing entity	<u>Moderate</u> The PMU is already set up, fully staffed, and has an adequate FM track record in complying with ADB's FM and disbursement requirements. However, the PMU may not have the adequate capacity to cope with the additional workload.	The capacity of the PMU may need to be further strengthened. Efficient coordination and flow of information between the different entities involved in the project implementation must be ensured.
2. Fund flow	<u>Substantial</u> The budget allocation for the project has not been transferred to MOH yet which may cause delays in project implementation. Moreover, during the implementation, government counterpart financing may not be released on time which may cause disruptions.	MOF to provide a firm commitment that budget allocation is transferred to MOH by loan effectiveness. MOF to also provide assurances that counterpart funds will be released in a timely manner. The availability of counterpart financing will be monitored regularly through quarterly progress reports. In addition, the direct payment mechanism will be used for major foreign currency payments for contractors and suppliers for ADB share.

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan
3. Staffing	<p style="text-align: center;"><u>Moderate</u></p> <p>The number of financial staff in the existing PMU may not be sufficient to manage the additional workload of the project.</p>	<p>An additional accountant and an FM expert to be hired to support the PMU. Moreover, continuous training to be provided in ADB's financial management requirements and systems</p>
4. Accounting policies and Procedures	<p style="text-align: center;"><u>Substantial</u></p> <p>MOH and the PMU maintain their accounts in accordance with national accounting standards (SLPSAS) which are consistent with international accounting standards. There may be scope for strengthening the asset management systems and practices of the various entities receiving and storing the medical equipment and vaccines.</p>	<p>The PMU will maintain separate books of accounts for the proposed project in accordance with SLPSAS- accrual basis of accounting.</p> <p>MOH, MSD/RMSD and the Hospitals receiving equipment and/or storing the vaccines under the project/NDVP to ensure sound asset management practices are maintained at all time including: i) the use of computerized asset register, ii) frequent inventories and daily vaccine stock take and iii) regular reconciliations of the Fixed asset register and physical inventories as well as effective and timely/daily reporting to MOH.</p>
5. Internal Audit	<p style="text-align: center;"><u>Moderate</u></p> <p>MOH and SMPPSR/MSD have internal audit units in place. However, the internal audit units may not have adequate capacity to audit the internal control system and practices for implementation of the project/NDVP which may lead to inadequate fixed asset management and vaccine storage practices going undetected and lost inventory.</p>	<p>The Internal audit units of the MOH, and SMPPSR/MSD to prioritize regular internal audits of the fixed asset management and inventory practices, procedures and systems related to the project/NDVP to ensure proper controls are in place to safeguard the assets. Audit observations and internal control gaps must be promptly resolved.</p>
6. External Audit	<p style="text-align: center;"><u>Substantial</u></p> <p>Minor delays in submission of Audited project financial statements to ADB.</p> <p>Given the importance and scale of the NDVP for COVID-19 vaccines, a regular project financial audit may not be sufficient to provide the required assurances.</p>	<p>The PMU must liaise with NAO to ensure the proposed project is part of NAOs annual audit plan and that the Audit process is commenced in a timely fashion. The audit observations to be resolved in a timely manner. The status of audit observations to be included in the quarterly progress reports.</p> <p>NAO to conduct annual financial, compliance and performance audits of the execution of the NDVP for COVID-19 vaccines.</p>
7. Reporting and Monitoring	<p style="text-align: center;"><u>Moderate</u></p> <p>Inadequate financial reports or delays in financial reporting may</p>	<p>Comprehensive financial information to be part of the quarterly progress reports</p>

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan
	cause bottlenecks and allow inefficiencies to go unnoticed.	<p>in a format agreed with ADB within 45 days after the end of each quarter. The PMU is to prepare the project financial statements within two months after the end of the fiscal year to ensure auditors can start the audit process on time.</p> <p>Detailed financial vs physical progress reports and inventory reports to be generated at least on a weekly basis to ensure bottlenecks and inefficiencies are identified in a timely fashion.</p>
8. Information Systems	<p style="text-align: center;"><u>Substantial</u></p> <p>MOH has in place the government accounting system (CIGAS) and the PMU has installed a standalone software for recording project transactions. A mix of digital and manual systems are being maintained for tracking the vaccine stock and recording fixed assets which may lead to cumbersome reporting and reconciliation exercises as well as inefficient reporting.</p>	<p>The PMU to modify its accounting software to accommodate the proposed project and its financing structure and make use of the ADB loan information services (LFIS) to reconcile ADB disbursement records with project records on a quarterly basis to ensure all withdrawal applications have been correctly reflected in the project records and financial reports.</p> <p>Each entity receiving equipment and/or storing vaccines under the project/NDVP must ensure computerized asset management and vaccine stock management systems are implemented.</p>
Overall Project Risk	Substantial	
Overall (Combined) Risk	Substantial	

ADB = Asian Development Bank, APFS= audited project financial statements, FY = fiscal year, LFIS=loan financial Services information system, MSD= Medical Supply Division, NAO=National Audit Office, NDVP = National Deployment and Vaccination Plan for COVID-19 Vaccines, PMU = project management Unit, PFS = project financial statements, QPR= quarterly progress reports, RMSD = Regional Medical Supply Division, SLPSAS = Sri Lanka public Sector accounting Standards, SMPPSR = State Ministry of production, Supply and regulation of Pharmaceuticals.

Source: Asian Development Bank.

29. The Government has agreed to implement an action plan with key measures to address the identified risks. The financial management action plan presented in the table below summarizes the key risks, activities for mitigation, staff and/or personnel responsible, and agreed target dates.

Table 14: Financial Management Action Plan

Key Risk Area	Risk Mitigating Activity	Timeline	Entity
Staffing and FM capacity support	Appoint an additional accountant and engage an FM expert to support the PMU.	By loan effectiveness	MOH/PMU
Staffing and FM capacity support	Provide training to PMU staff in ADB's FM and disbursement procedures and systems.	By loan effectiveness and annually throughout project implementation	ADB
Staffing and FM capacity support	Provide a refresher training in asset management, and inventory and vaccine stock practices including the use of computerized systems to all entities receiving equipment and/or storing the vaccines.	By loan effectiveness	MOH, MSD/RMSD, MOH Divisional Units & Hospitals
Flow of funds	Establish a dedicated budget code for the project and transfer the required budget allocation to MOH/PMU.	By loan effectiveness	MOF
Flow of funds	Ensure timely release of counterpart financing to the project.	Continuous	MOF/MOH
Accounting	Maintain robust asset management practices and systems including: i) the use of computerized asset and vaccine stock management systems, ii) maintain up-to-date fixed asset registers and vaccine stock records/ledgers and undertake daily vaccine stock count and reconciliation with the balance as per the fixed asset register and vaccine records/ ledgers and iii) ensure frequent, effective, and timely reporting to MOH.	Continuous	MOH, MSD/RMSD, MOH Divisional Units & Hospitals
Internal audit	Include the NDVP/ADB assisted project in the internal audit plan to ensure proper controls are in place to safeguard the vaccines and project assets. The internal audits are to include a follow-up of past audit observations. Material internal audit observations and status of recommendations are to be included in the Quarterly Progress Reports submitted to ADB.	Annual and update on status of observations every quarter.	MOH, MSD/RMSD & selected Hospitals
External audit	Coordinate with NAO to ensure the proposed project is part of NAO's annual audit plan; and the APFS is submitted to ADB by due date.	Annually and within 6 months after the end of the fiscal year	MOH/PMU& NAO
External audit	Conduct financial, compliance and performance audits of the execution of the	Annually, with submission to ADB by 30 days after approval by NAO.	NAO

Key Risk Area	Risk Mitigating Activity	Timeline	Entity
	NDVP ¹³ .		
Financial reporting	Generate financial vs physical progress reports and detailed vaccine stock reports to ensure bottlenecks and inefficiencies are identified in a timely fashion.	Weekly	MOH/PMU, with input from MOH (Epid unit) MSD/RMSD, MOH Divisional Units & Hospitals
Financial reporting	Include comprehensive FM information including detailed comparison of physical and financial progress, status of implementation of FM action plan, and status of resolutions of internal and external audit observations in the quarterly progress reports and submit to ADB	Within 45 days from the end of each quarter	MOH/PMU
Information systems	Modify the PMU accounting software to accommodate the proposed project and its financing and expenditure structure.	By loan effectiveness	MOH/PMU
Information systems	Ensure computerized fixed asset and vaccine stock management systems (e.g., MSMIS/PRONTO XI) have been implemented by all entities receiving assets and supplies as well as storing vaccines.	By loan effectiveness	MOH, MSD/RMSD, MOH Divisional Units & Hospitals

ADB = Asian Development Bank, APFS= Audited Project Financial Statements, FY = fiscal year, LFIS=loan financial Services information system, MSD= Medical Supply Division, MSMIS= Medical Supplies Management Information System, NAO=national audit office, National Deployment and Vaccination Plan for COVID-19 Vaccines, PMU = project management Unit, PFS = project financial statements, QPR= quarterly progress reports, RMSD = Regional Medical Supply Divisions, SLPSAS = Sri Lanka public Sector accounting Standards, SMPPSR =. State Ministry of production, Supply and regulation of Pharmaceuticals.

Source: Asian Development Bank.

30. To ensure effective and timely implementation of the FM action plan, MOH and its PMU are required to review the progress made against each agreed action on a quarterly basis. In addition, ADB review missions will review and verify the status of the financial management risks and FM action plan and suggest remedial measures, as appropriate.

B. Disbursement

1. Disbursement Arrangements for ADB Funds

31. The ADB loan proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2017, as amended from time to time),¹⁴ and detailed arrangements agreed upon between the government and ADB. The project may make use of the advance fund, direct payment, reimbursement procedure and commitment procedure. The MOH through its PMU will

¹³ ADB will engage with the NAO to provide inputs to the performance audit TORs including the target dates of the performance audit as well as reporting deadlines. The Performance audit TORs are expected to be agreed and finalized by project inception.

¹⁴ The handbook is available electronically from the ADB website (<http://www.adb.org/documents/loan-disbursement-handbook>).

be responsible for (i) preparing disbursement projections, (ii) requesting budgetary allocations for counterpart funds, (iii) collecting all supporting documents, and (iv) preparing and sending withdrawal applications to ADB. Online training for project staff on disbursement policies and procedures is available.¹⁵ Project staff are encouraged to avail of this training to help ensure efficient disbursement and fiduciary control.

32. **Advance fund procedure.** Two separate advance accounts, one for the ADB PIC loan and one for the ADB RRC loan, shall be established by Treasury Operations Department of MOF in the Central Bank of Sri Lanka and maintained by the PMU. The currency of the advance accounts is US dollar. In addition, two separate sub-advance accounts, one for the ADB PIC loan and one for the ADB RRC loan, in local currency (LKR) will be established by Treasury Operations Department of MOF at a commercial bank and maintained by PMU. The advance accounts and the sub-advance accounts are to be used exclusively for ADB's share of eligible expenditures. The PMU, which maintain the advance and the sub-advance accounts in its name, is accountable and responsible for proper use of funds from the advance accounts including advances to the sub-advance accounts. Moreover, a separate account shall be maintained for counterpart funding.

33. The total outstanding advance to the advance account should not exceed the estimate of ADB's share of expenditures to be paid through the advance account for the forthcoming 6 months. The PMU may request for initial and additional advances to the respective advance accounts based on an Estimate of Expenditure Sheet setting out the estimated expenditures to be financed through the account for the forthcoming 6 months subject to the following ceilings: (i) the outstanding balance of advance financing, in the form of initial advance and/or replenishments of the advance account, under the PIC will be no more than 20% of the total amount of the approved PIC financing amount, and (ii) the outstanding balance of advance financing, in the form of initial advance and/or replenishments, of the advance account under the RRC component will be no more than 50% of the total amount of the approved RRC financing amount. Furthermore, the combined outstanding balance of advance financing and retroactive financing may not exceed 60% of the approved RRC financing amount. Supporting documents should be submitted to ADB or retained by PMU in accordance with ADB's *Loan Disbursement Handbook* (2017, as amended from time to time) when liquidating or replenishing the advance accounts.

34. **Statement of expenditure (SOE) procedure.**¹⁶ The SOE procedure may be used for reimbursement of eligible expenditures and liquidation of the advance accounts. The ceiling of the SOE procedure is the equivalent of \$200,000 per individual payment. Supporting documents and records for the expenditures claimed under the SOE should be maintained and made readily available for review by ADB's disbursement and review missions, upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit. PMU will be responsible for preparing liquidation and replenishment of the advance fund. Procedures for establishing and operating the advance account and SOE procedures are detailed in the ADB's *Loan Disbursement Handbook* (2017, as amended from time to time).

35. Before the submission of the first withdrawal application, the borrower should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the government, together with the authenticated specimen signatures of each

¹⁵ Disbursement eLearning. http://wpqr4.adb.org/disbursement_elearning

¹⁶ Statement of Expenditure forms are available in Appendix 7B and 7D of ADB's *Loan Disbursement Handbook* (2017, as amended from time to time).

authorized person. The minimum value per withdrawal application is stipulated in the ADB's *Loan Disbursement Handbook* (2017, as amended from time to time). The borrower should ensure sufficient category and contract balances before requesting disbursements. Use of ADB's Client Portal for Disbursements system is mandatory for submission of withdrawal applications to ADB.¹⁷

36. **Disbursement conditions.** No withdrawals shall be made from the Loan Account for financing Eligible Vaccines until ADB has received a letter from the Borrower confirming (i) which COVID-19 vaccine(s) have been selected to be procured using the proceeds of the Loan; (ii) which of the eligibility criteria¹⁸ in the definition of Eligible Vaccine has been satisfied in respect of the COVID-19 vaccines to be procured; and (iii) that the Eligible vaccines have received all necessary authorizations of the Borrower, and have been authorized by NMRA and the NITAG of Sri Lanka and any other relevant regulatory authorities for distribution and administration within the territory of the Borrower, and based on the information provided in the aforementioned letter, ADB has notified the Borrower that the COVID-19 vaccines to be procured are designated as Eligible Vaccines.

2. Disbursement Arrangements for Counterpart Funds

37. All disbursements under government financing will be carried out in accordance with the regulations of the government and accounting principles acceptable to ADB. The Ministry of Finance (MOF) and MOH will be responsible for the relevant disbursement and liquidation procedures for government funds. PMU is responsible for (i) preparing disbursement projections, (ii) requesting budgetary allocations for counterpart funds and (iii) establishing and maintaining a separate account for counterpart funding.

C. Accounting and Financial Reporting

38. **Capacity building and resources.** In order to ensure adequate knowledge in ADB's FM requirements, including procedures and related systems, MOH will ensure that each accounts staff will undertake the following actions within the one month after being assigned to the project:

- (i) Become aware of the ADB's anticorruption policy and whistle blowing mechanisms;
- (ii) Master loan agreement including the loan covenants and the relevant sections of the Project Administration Manual, as well as the ADB loan disbursement handbook; and
- (iii) Obtain user/reader rights (as required) to ADBs systems including: CPD and the Loans and Grants information Service (LFMIS).

In addition, the PMU should on a yearly basis liaise with ADB to take advantage of Financial management training events organized by ADB.

39. **Variance analysis.** Moreover, the PMU will conduct variance analysis on a quarterly basis, examining the differences between budgeted vs. actual expenditures as well as financial vs. physical progress under each contract. The variance analysis will pay particular attention to:

- (i) significant deviations from the budgeted estimate;
- (ii) Significant deviations between financial and physical progress; and

¹⁷ The Client Portal for Disbursement facilitates online submission of withdrawal application to ADB, resulting in faster disbursement. The forms to be completed by the Borrower are available online.

¹⁸ Any one of the APVAX vaccine eligibility criteria must be met: (i) the vaccine has been selected for procurement through COVAX on behalf of its participating countries; (ii) the vaccine has received WHO prequalification or WHO emergency use listing (EUL); or (iii) the vaccine has received regular or emergency licensure or authorization by a stringent regulatory authority (SRA).

(iii) Significant delays on (planned vs. reported) physical and/or financial progress. Any significant variances, delays or deviations etc. shall be promptly followed-up on and explained in the financial reports.¹⁹

40. **Accounting.** MOH will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project in accordance with Sri Lanka Public Sector Accounting Standards (SLPSAS) - accrual basis of accounting.

41. **Financial reporting.** The PMU will prepare project financial statements in accordance with the government's accounting laws and regulations, which are consistent with international accounting principles and practices. The Project Financial Statements will include at least the following:

- (i) Statement of Financial Position;
- (ii) Statement of Financial Performance;
- (iii) Statement of Cash Flow;
- (iv) Statement of Advance Account Reconciliation;
- (v) Statement of Budgeted vs Actual Expenditures; any significant deviations must be sufficiently explained in the notes;
- (vi) Statement of Disbursement;
- (vii) Detailed notes to the financial statements including significant accounting policies. Furthermore, the notes of the financial statements must provide a detailed breakdown of withdrawal applications submitted to and the amounts paid by ADB under each loan as follows: (a) WA number, (b) the amount claimed and currency, (c) date submitted, (d) disbursement method, (e) the amount disbursed by ADB, and (f) the applicable exchange rate.

42. In order to provide timely information on the project's financial progress and the status of financial management to ADB, the PMU will include comprehensive financial information in an agreed format in the quarterly progress reports (QPRs) to be submitted to ADB within 45 days after the end of the quarter. The quarterly progress reports will include at least the following important information:

- (i) Overall financial progress by financing source for the reporting period, year to date and cumulative;
- (ii) Timeliness and adequacy of government counterpart funding;
- (iii) Disbursement information for the reporting period, year to date and cumulative, including comparison with the disbursement curves outlined in the PAM;
- (iv) Reconciliations of the advance accounts. Any reconciliation items are to be disclosed and explained in the text;
- (v) Reconciliation of project records with ADB disbursement data. Any discrepancies are to be disclosed and explained in the text;
- (vi) Variance analysis including budget vs actual expenditures and physical vs financial progress²⁰, with significant deviations are analyzed and explained;

¹⁹ For additional guidance on asset management and inspection practices, please refer to the Asset Inspection for Project Integrity - A Reference Guide for Executing and/or Implementing Agencies, (2018), ADB available at: <https://www.adb.org/documents/asset-inspection-project-integrity-reference-guide>

²⁰ Physical vs Financial progress should include the following information under each contract: i) Amount committed, ii) amount disbursed, iii) outstanding balance, iv) vaccines/equipment ordered, v) vaccines/equipment received, vi) vaccines/equipment still to be received/outstanding balance, vii) vaccines/equipment currently in stock, viii) vaccines/equipment administered/used and ix) reconciliation items e.g. vaccine wastage etc.

- (vii) Signed contracts and payments made under each contract in the reporting period and cumulative, including comparison with the contract award curve outlined in the PAM; and,
- (viii) Status of financial management under the project including the status of the: (a) FM action plan, (b) compliance with financial covenants, (c) past external and internal audit observations related to the project as well as (d) agreed actions from review missions (if any).

An indicative template for the financial information listed above is included in Appendix 2.

D. Auditing and Public Disclosure

43. **Internal Audit.** The PMU will actively liaise with the internal audit functions of the MOH and SMPPSR to ensure that the recommendations related to the project (if any) are addressed in a timely manner. The status of the internal audit recommendations will also be regularly monitored by MOH and SMPPSR through their respective audit management and review committees.

44. **Performance Audit.** To ensure economy, efficiency, and effectiveness of the implementation of the National Deployment and Vaccination plan for COVID-19, NAO shall conduct performance audits²¹ in accordance with International Standards on Auditing (ISSAI 3000-3200). The performance audit reports shall be shared with ADB within 30 days after it has been issued by NAO.

45. **Financial Audit.** MOH will cause the detailed project financial statements to be audited in accordance with International Standards on Auditing (INTOSAI or national equivalent) by the National Audit Office (NAO). The audited project financial statements (APFS) together with the auditor's opinion will be presented in English language to ADB within 6 months from the end of the fiscal year by MOH.

46. The audit report for the project financial statements will include a management letter and auditor's opinions, which cover (i) whether the project financial statements present an accurate and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting standards; (ii) whether the proceeds of the loans were used only for the purpose(s) of the project; and (iii) whether MOH was in compliance with the financial covenants contained in the legal agreements (where applicable). From the second audit onwards, the management letters will include a follow-up on the implementation status of previous audit recommendations (where applicable).

47. Compliance with financial reporting and auditing requirements will be monitored by review missions and during normal program supervision, and followed-up regularly with all concerned, including the external auditor.

48. The government, and PMU have been made aware of ADB's approach to delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements.²² ADB reserves the right to require a change in the auditor (in a manner

²¹ ADB may engage with the NAO during implementation to provide inputs to the performance audit TORs including the target dates of the performance audit and reporting deadlines.

²² Following is ADB's policy on delayed submission of audited project financial statements:

- (i) When audited project financial statements *are not received by the due date*, ADB will write to the executing agency advising that (a) the audit documents are overdue; and (b) if they are not received within the next 6

consistent with the constitution of the borrower), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed.

49. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures. Public disclosure of the APFS, including the auditor's opinion on the project financial statements, will be guided by ADB's Access to information Policy 2018.²³ After the review, ADB will disclose the APFS and the opinion of the auditors on the project financial statements no later than 14 days of ADB's confirmation of their acceptability by posting them on ADB's website. The management letter and additional auditor's opinions will not be disclosed.²⁴

E. Winding Up and Closure of the Loan Accounts

50. In order to close the loan accounts in a timely manner and to comply with ADB's requirements, PMU will ensure that the following measures are undertaken:

- (i) All ADB-financed expenditures are incurred before or by the loan closing date;
- (ii) All withdrawal applications including liquidations of the advance accounts are submitted to ADB preferably by the loan closing date but in no case later than the end of the winding-up period; that is, within four months after the end of the loan closing date;
- (iii) Any unutilized advances are refunded to ADB within two months after the end of the winding-up period;
- (iv) The final project financial statements are audited by independent auditors (NAO) as agreed with ADB and the APFS and the management letter are submitted to ADB as soon as possible after the loan closing date;
- (v) The final APFS must include all eligible expenditures incurred up to the loan closing date as well as up to the final withdrawal application submitted to ADB;
- (vi) All past audit observations are resolved in a timely manner; and,
- (vii) All project financial records are filed in an orderly manner and stored in a secure location for a for at least 1 year following receipt by ADB of the final audited project financial statements or 2 years after the loan closing date, whichever is later.

VI. PROCUREMENT AND CONSULTING SERVICES

A. Advance Contracting and Retroactive Financing

51. All advance contracting and retroactive financing will be undertaken in conformity with ADB's *Procurement Policy* (2017, as amended from time to time) and the *Procurement*

months, requests for new contract awards and disbursement such as new replenishment of advance accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed.

- (ii) When audited project financial statements *are not received within 6 months after the due date*, ADB will withhold processing of requests for new contract awards and disbursement such as new replenishment of advance accounts, processing of new reimbursement, and issuance of new commitment letters. ADB will (a) inform the executing agency of ADB's actions; and (b) advise that the loan may be suspended if the audit documents are not received within the next 6 months.
- (iii) When audited project financial statements *have not been received within 12 months after the due date*, ADB may suspend the loan.

²³ Available at <https://www.adb.org/documents/access-information-policy>.

²⁴ This type of information would generally fall under public communications policy exceptions to disclosure. ADB. 2011. *Public Communications Policy*. Paragraph 97(iv) and/or 97(v).

Regulations for ADB Borrowers: Goods, Works, Non-consulting and Consulting Services (2017, as amended from time to time).²⁵

52. **Advance contracting.** Advance contracting is expected for the procurement of COVID-19 vaccines, purchase of consumables required for the vaccine rollout, and recruitment of technical and PMU staff. It also includes the procurement of small refrigerated crew cabs and large refrigerated trucks.

53. **Retroactive financing.** The government may request withdrawals from ADB loan account to finance eligible expenditures in relation to vaccines incurred within the past 12 months of loan effectiveness provided that (i) the expenditure does not exceed 30% of the loan amount, and (ii) disbursement conditions are met. The MOH have been advised that the approval of advance contracting and retroactive financing does not commit ADB to finance advance payment to vaccine developers and/or any vaccine-related procurement costs. Any advance contracting and retroactive financing will be subject to APVAX eligibility criteria and other requirements being fully met.

B. Procurement of Goods, Works, and Consulting Services

54. All procurement of goods, works and services will be undertaken in a manner consistent with the simplified and expedient procedures permitted under the ADB's *Procurement Policy* (2017, as amended from time to time) and the *Procurement Regulations for ADB Borrowers: Goods, Works, Nonconsulting and Consulting Services* (2017, as amended from time to time). Following ADB's APVAX policy, ADB's member country procurement eligibility requirements are waived.

55. Procurement under the project is to include to the purchase of vaccines and consumables associated with vaccines, services, equipment, vehicles, and project administration. The government may procure eligible vaccines through three different avenues to maximize the possibility of receiving vaccines in an efficient manner: (i) procurement of vaccines through bilaterally negotiated contracts with several vaccine manufacturers, (ii) procurement of additional doses through the COVID-19 Vaccines Global Access (COVAX) Advance Market Commitment mechanism (AMC), and (iii) through UNICEF by entering into direct contracting.

56. UNICEF is the procurement coordinator for COVAX. Procurement of additional COVAX doses will require the government to enter into a supply agreement with UNICEF. This agreement will include the procurement of vaccines and related services, including transport of the vaccines from the vaccine origin to a designated entry point stated by the government. For bilateral deals, the government will enter into direct negotiations with vaccine manufacturers.

57. MOH, the executing agency will conduct procurement of vaccine and ancillary items through State Pharmaceuticals Corporation of Sri Lanka (SPC). SPC is a state-owned entity established in 1971 under the State Industrial Corporations Act Number 49 of 1957. Since 1971, SPC has been operating as the procurement agent of the MOH for all medical supplies including all vaccination. Other goods and services will be procured by the PMU of the ongoing ADB-financed Health System Enhancement Project (HSEP).

²⁵ ADB. 2017. [Procurement Regulations for ADB Borrowers. Goods, Works, Nonconsulting and Consulting Services](#). Manila.

58. Value for money in vaccine procurement will be achieved through (i) selecting candidate vaccine types that are best suited to the domestic logistics supply chain and distribution mechanisms; (ii) identifying vaccines that will efficiently meet the project disbursement conditions; (iii) engaging with manufacturers who have advantageous vaccine availability and delivery timelines, and (iv) entering into agreements on terms and conditions that are reasonable, noting the currently constrained market for vaccines globally. Value for money in procurement of consumables associated with vaccines and others will be achieved by selecting most suitable procurement methods with consideration of (i) size of procurement, (ii) market conditions of the items to be procured, and (iii) time allowed for the process.

C. Procurement Plan

59. The initial procurement plan is presented in Appendix 3. The information in the procurement plan is indicative and will be further detailed once further details are confirmed.

VII. SAFEGUARDS

60. **Prohibited investment activities.** Pursuant to ADB's *Safeguard Policy Statement* (2009), ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the *Safeguard Policy Statement* (2009).

61. In compliance with ADB's *Safeguard Policy Statement* (2009), the project's safeguard categories are as follows.²⁶

62. **Environment (category B).** Procurement of COVID-19 vaccines, strengthening the vaccine information dissemination and monitoring systems, and increasing the capacity of vaccine transportation system shall not result in any significant adverse environmental impact or significant health and safety risks. The country's national immunization policy²⁷ and nationwide system in storing and distribution of vaccines is being well managed by the MOH. The Sri Lanka national deployment and vaccination plan for COVID-19 vaccines defines immunization waste management arrangements and responsibilities and includes a training program on immunization waste for local health care facilities. Immunization waste will be managed in compliance with the MOH health care waste management manual.

63. Storage, movement and final disposal of immunization waste shall comply with main regulatory tools implemented under the National Environmental Act (NEA) No. NEA 47 of 1980 and its amendments (No 56 1988 and No 53 of 2000), the environmental impact assessment process; environment protection license (EPL) process and schedule waste management license supported by standards for discharge and waste disposal guidelines and international good practices as recommended by WHO.²⁸ There shall be a temporary increase of immunization waste due to the rollout of COVID-19 vaccine program, however the existing MWM system shall be able to cope with such temporary increment. Therefore, outputs 1 to 3 are classified as category C for environment as per ADB's Safeguards Policy Statement (SPS 2009).

²⁶ ADB. [Safeguard Categories](#).

²⁷ National Immunization policy, October 2016. Approved by the Cabinet of ministers of Democratic Socialist Republic of Sri Lanka on 16 October 2014 as per Cabinet Memorandum No. 14/1017/509/050.

²⁸ World Health Organization. 2014. Safe Management of Wastes from Health-care Activities. Geneva; World Health Organization. 2019. Overview of Technologies for the Treatment of Infectious and Sharp Waste from Health Care Facilities. Geneva.

64. Some civil works are entailed in output 4, where renovation and strengthening of existing MWM systems at COVID-19 designated government hospitals and provision of incinerators for satellite hospitals (these are all government hospitals) in six provinces shall take place. The renovation works shall focus on both liquid and solid medical waste management, including renovation of wastewater, other liquid waste and sewage systems and supporting solid waste segregation and storage of segregated waste.

65. These works shall be carried out within existing government hospital facilities. However, such works have a potential for temporary and site-specific environmental impacts such as dust, noise, occupational health and safety, etc. Thus, output 4 of the project may qualify as category B per ADB SPS 2009.

66. All the projected risks during construction and operation phase can be effectively addressed through the adoption of proper mitigation measures in the design, planning, construction, and operations phases. An environmental assessment and review framework (EARF) has been prepared to guide in the screening, categorization, assessment, and mitigation of impacts of the subprojects on environmental and involuntary resettlement safeguards. Subprojects which are categorized as A for environment will be excluded from project financing.

67. The MOH is responsible for ensuring that the project is implemented in compliance with laws and regulations applicable to MWM, as specified in the EARF. Each health care facility will prepare its own MWM plan (as part of the EMP process) which will be validated and endorsed by the environmental and occupational health directorate of MOH. The MWM plan will also address training needs of hospital staff and the financial allocations necessary for maintenance of these renovated systems and incinerators. MOH shall ensure that mitigation measures related to environment during construction stage are incorporated in the tender documents.

68. **Involuntary resettlement (category C).** Output 4 of the project includes some civil works to improve and strengthen the medical waste management. These civil works are aligned to renovate and strengthen existing MWM system located within COVID-19 designated health care facilities and provision of incinerators to be installed in satellite hospitals in six provinces which are owed by the Government of Sri Lanka. Therefore, land acquisition and resettlement are not triggered and shall not cause any permanent or temporary physical and/or economic displacement. The IR screening tool included in the EARF shall be used to screen each subproject for IR impacts.

69. **Indigenous peoples (category C).** The nationwide vaccination program against COVID-19 does not target the Vedda community as a distinct and vulnerable IP group but may benefit as individual IPs. The civil works under output four are confined to the existing government health facilities and do not include habitats and territories with indigenous peoples. Project activities will not affect traditional and sociocultural beliefs of the Vedda community.

VIII. GENDER AND SOCIAL DIMENSIONS

70. The project is categorized as Effective Gender Mainstreaming (EGM). It will adopt a gender- and socially- inclusive approach to vaccination to ensure that sex, age, ethnicity, and any form of disability do not affect equitable access to COVID-19 related information, services and vaccines. Key challenges that will be addressed include limited mobility for women from vulnerable groups to access vaccination centers, low information access on benefits of vaccination among women from vulnerable groups, lack of information on vaccination protocols for pregnant and lactating women, or women with pre-existing conditions or disabilities. In

addition, the project will leverage the widespread communication and vaccination campaign to also address gender-based violence (GBV), with the participating civil society organizations (CSOs) and medical officers also trained to identify cases of GBV and to provide referral support to survivors. Gender equity and social inclusion (GESI) actions were developed in consultation with women, advocacy- and identity-based organizations. The project will facilitate (i) training CSOs for effectively mobilizing community support to national vaccination program targeting women, excluded and vulnerable groups; (ii) improving access of women, excluded and vulnerable groups facing mobility constraints through dedicated transportation facilities; (iii) conducting a survey in 6 provinces to identify and monitor vaccine hesitancy among vulnerable groups, with 70% of surveyed participants being women; (iv) developing and disseminating public information communication materials addressing identified gender gaps, and through the use of all national languages, ensure effective outreach to women, excluded and vulnerable groups; (v) monitoring and reporting on GESI-related information in the COVID-19 vaccination beneficiary database system; (vi) enhancing HPB staff capacity to reach out to women, excluded and vulnerable groups with effective communication strategies; and (vii) recruiting a full-time GESI consultant to support PMU on the implementation and monitoring of above activities. The GESI Action Plan (GESI/AP) is provided in Table 15. The implementation of the GESI/AP will be financed from the loan.

Table 15: Gender Equality and Social Inclusion Action Plan

Activities	Performance Indicators and Targets	Responsibility	Timeframe
Output 2: Vaccination information dissemination and monitoring systems strengthened			
1. Conduct a qualitative survey ²⁹ on constraints and obstacles faced by excluded and vulnerable groups ³⁰ on COVID-19 vaccines in 6 provinces (North, North Central, Eastern, Central, Sabaragamuwa, and Uva Provinces). ³¹	1. The survey to identify the constraints and apprehension about COVID-19 vaccines covers at least 70% of women (2021 baseline: 0).	MOH, PMU, HPB, Epidemiology Unit, FHB, CSOs, GESI consultant	Q3 2021
2. Develop a guideline for gender- and socially-sensitive vaccine communication for CSOs and staff of medical officers of health, based on the findings of the qualitative survey.			
3. Develop gender- and socially-inclusive communication and outreach program and tools with CSOs targeting women, and vulnerable and excluded groups.	2. At least 60 representatives (60% women) of CSOs, including women and disability focused CSOs, reported improved knowledge on community mobilization and participation in COVID-19 vaccination program in 6 provinces ³² (2021 baseline: 0). 3. At least 5,000 hard-to-reach people (60% women) in 6 provinces participated in information campaigns on COVID-19 vaccines led by CSOs (2021 baseline: 0). 4. Public information materials in all three major languages (Sinhala, Tamil, and English) based on the qualitative survey results developed and disseminated among women, excluded and vulnerable groups in 6 provinces (2021 baseline: none). 5. At least 90% of the 5,000 participants (60% women) of information campaigns assisted in COVID-19 vaccination in the respective medical officer of health areas ³³ (2021 baseline: 0).		Q3 2021– Q3 2024

²⁹ Survey participants of 500 people (equal proportion of men and women in 6 provinces) will be selected through random sampling.

³⁰ Excluded individuals refer to those who have no full access to various resources and services due to their disadvantaged identities (e.g., gender, disability, ethnicity, religion). Vulnerable individuals are those who cannot access resources and services because of their situational disadvantage (e.g., old age, geographical location, occupation, illness). There are individuals that are both excluded and vulnerable, such as elderly women with disabilities in hard-to-reach geographical areas and women informal workers in disaster prone areas.

³¹ These are the most economically disadvantaged and geographically remote areas in Sri Lanka.

³² Target can be measured by administering a training evaluation form at the end of the training.

³³ Medical officer of health area is the geographic location where a particular medical officer, who is supported by public health nurses, public health midwives, and public health inspectors, renders preventive services.

Activities	Performance Indicators and Targets	Responsibility	Timeframe
	Public information materials in all three major languages (Sinhala, Tamil, and English) based on the qualitative survey results developed and disseminated among women, excluded and vulnerable groups in 6 provinces (2021 baseline: none).		
4. Integrate GESI-related information in e-NIP and COVID-19 Immunization Tracker systems.	6. Data in e-NIP and COVID-19 Immunization Tracker systems disaggregated by sex/gender (male, female, others), age, and district/division (2021 baseline: not available). 7. Sex-disaggregated, age-appropriate COVID-19 vaccination data included in annual national health reports (2021 baseline: not available). ³⁴		Q3 2021– Q3 2024
Output 3. Vaccine transport systems capacity expanded			
5. Improve access to vaccination centers of excluded and vulnerable communities, targeting women and persons with disabilities facing mobility constraints	8. Mobile communication teams (50% women) in at least 50% of medical officers of health areas reporting increased knowledge of gender, disability, and socially sensitive ways of communicating COVID-19 vaccine benefits and risks to women and excluded and vulnerable groups (2021 baseline: 0). ³⁵ 9. At least one training manual developed to support CSOs and staff of medical officers of health areas in addressing the needs of pregnant and lactating women, women with existing conditions and disabilities, and identifying GBV cases and providing referral support to survivors (2021 baseline: 0). 10. Separate toilets for women available in all vaccination centers (2021 baseline: not available). 11. At least 60% of persons over 60 years in 6 provinces—with percentage of women and men proportional to their population based on census data—received the COVID-19 vaccine (2021 baseline: 0). 12. At least 25 district-specific vehicle hire contracts signed for dedicated transport to enable vulnerable women and persons with disabilities to access vaccination centers in all 9 provinces (2021 baseline: 0).	MOH, PMU, HPB, Epidemiology Unit, FHB, CSOs, GESI consultant	Q3 2021– Q3 2024 Q4 2021– Q3 2024
Project Management			
6. Recruit a full-time GESI consultant in the PMU.	13. Timely inputs submitted in Quarterly Progress Reports (QPRs) and relevant data of all GESI commitments set out in the project.	PMU	Q3 2021– Q3 2024

COVID-19 = coronavirus disease 2019, CSO = civil society organization, e-NIP = electronic National Immunization Program, FHB = Family Health Bureau, HPB = Health Promotion Bureau, GBV = gender-based violence, GESI = gender equality and social inclusion, MOH = Ministry of Health, PMU = project management unit. Source: Asian Development Bank.

³⁴ Reports from the Epidemiology Unit on the COVID-19 vaccination program.

³⁵ Target can be measured by administering a training evaluation form at the end of the training.

IX. PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION

A. Project Design and Monitoring Framework

71. The DMF is in Appendix 1.

B. Monitoring

72. **Project performance monitoring.** MOH will be responsible for all aspects of monitoring and evaluation, including (i) performance evaluation against milestones; (ii) safeguards and GESI/AP implementation monitoring; (iii) financial commitments; and (iv) implementation of risk management and mitigating action plans. Progress reports and achievements will be prepared quarterly and summarized annually. Quarterly reports will include updates on contract awards and disbursement achievements compared to the projections based on Project Performance Review requirements presented.

73. The APVAX policy requires additional information on vaccine procurement in the quarterly and summarized annual reports.

74. **Compliance monitoring.** The status of compliance with loan covenants (financial, safeguards, and others) will be monitored and reported in the progress report and during ADB review missions. Any non-compliance issues will be specified in the quarterly progress reports together with remedial actions.

75. **Safeguards monitoring and reporting.** The PMU shall coordinate this project. This PMU will manage screening, evaluation, and reporting with the support of assigned safeguards consultants and oversight by the project engineers and MOH. Since the project is categorized C for involuntary resettlement and indigenous peoples, no standalone safeguards monitoring report is required. A summary on IR and IP aspects shall be included in the safeguards monitoring report to be prepared by PMU on a semi-annual basis. This report shall mainly focus on implementing environmental safeguards which is classified as category B. The monitoring report shall describe progress of implementation and compliance issues and corrective actions, if any, and assess the adequacy of the COVID-19 immunization waste management system put in place, and planned actions to improve its effectiveness, as needed.

76. **Gender and social dimensions monitoring.** As the project is classified as *effective gender mainstreaming* at entry, a GESI/AP is required and will be monitored during implementation. All actions taken under the project will disaggregate data by sex and age where possible, and seek to collate feedback from recipients through surveys to measure improved knowledge and understanding. A gender specialist will be engaged to, among other things, monitor the gender design features of the project, and report on the progress of implementing the GESI/AP through submitting reports annexed to regular project progress reports. The GESI/AP report shall follow the template instituted by the ADB.

C. Evaluation

77. An inception mission will be scheduled shortly after loan effectiveness.³⁶ Implementation review missions will be held every 3 to 6 months. A midterm review is tentatively scheduled for

³⁶ Online meetings will be considered if quarantines due to COVID-19 persist.

Q3, 2022. Within 6 months of physical completion of the project, MOH will submit a project completion report to ADB.

D. Reporting

78. MOH will provide ADB with (i) quarterly progress reports in a format consistent with ADB's project performance reporting system; (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions, (c) updated procurement plan, and (d) updated implementation plan for the next 12 months; and (iii) a project completion report within 6 months of physical completion of the project. To ensure that projects will continue to be both viable and sustainable, project accounts and the executing agency audited financial statement together with the associated auditor's report, should be adequately reviewed.

E. Stakeholder Communication Strategy

79. The project will comply with the policy of transparency and accountability of the Access to Information Policy of the ADB. To facilitate this, the project will develop and implement a communications strategy that will ensure an efficient and continuous two-way communication about the project and the ongoing ADB-financed Health System Enhancement Project with all stakeholders. Efforts will be taken to focus on managing stakeholders' expectations during all phases of the project implementation. The strategy will follow the following approaches:

- (i) **Stakeholders.** The most critical stakeholders for the project include the Sri Lankan population eligible for COVID-19 vaccination and those who are affected either directly or indirectly with COVID-19 including women and other defined socially, economically vulnerable groups. The other key stakeholders include the officials from the MOH as the executing and implementing agency, National Steering Committee, and Provincial and Local Government in all 9 provinces and the 26 health districts. Other interested community-based organizations, civil society organizations and private sector entities who may support the vaccination rollout to ensure that everyone receives the vaccines and all relevant development partners.
- (ii) **Disclosure.** MOH will disclose on their website all information relevant to this project, including the project scope, project costing, financial and institutional arrangements, project management structure, the consolidated annual progress reports, progress on procurement, and the audited project financial statements.
- (iii) **Communication focal point.** The PMU will be responsible for implementation and monitoring of information dissemination and disclosure of project components. MOH will also designate a focal unit and a focal person, the Management Development and Planning Unit, Deputy Director General (Planning) for information dissemination and disclosure and who will also serve as the custodian of all information relevant to the project.
- (iv) **Awareness-raising materials.** The project will support the development and printing of: (a) a poster and a brief information booklet containing objectives, components, activities, timelines, relevant contact information, and grievance redress mechanism; and (b) a project brief summarizing details of the project, by component, in all 3 languages (Sinhala, Tamil and English), utilizing stories and

infographics targeting a wider group of audience, including socially and economically vulnerable populations. Both documents will be made available to the public in print at MOH, distributed during all stakeholders' consultations and outreach activities, and posted in the ADB website. Other information materials may be developed for distinct stakeholder groups. In addition, biannually, the project office will develop a story related to any component/s of the project and develop material around it along with the basic project information. These leaflets/short stories will be made available via the website of the project and at the MOH website. The project progress review reports (disclosable versions) will also be made accessible to the public via the project website.

- (v) **Channels.** The project will use both digital media and print media for effective dissemination. The project will also use government websites both at national and subnational levels; government social media accounts where possible especially the Health Promotion Bureau website; and ADB website and its other online platforms. All online platforms will be optimally utilized to ensure unrestricted public access to information and documents repository. Meanwhile, print media will also be used as appropriate, to ensure that all interested stakeholders have access to information, including through MOH and the Project Management Unit.
- (vi) **Coordination.** Coordination of all project activities will be via the DDG (Planning) of the Management Development and Planning Unit of the MOH. The DDG Planning will coordinate with the Ministry of Finance, Provincial Ministries of Health and with the Epidemiology Unit of the MOH and with the development partners, particularly those working on COVID-19 response efforts, to ensure effective communication, avoid overlaps, and identify potential collaboration, where possible.

X. ANTICORRUPTION POLICY

80. ADB reserves the right to investigate, directly or through its agents, any violations of the *Anticorruption Policy* (1998, as amended to date) relating to the project.³⁷ All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing/implementing agency and all project contractors, suppliers, consultants, and other service providers. Individuals and/or entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed, -administered or -supported activities and may not be awarded any contracts under the project.³⁸

81. To support these efforts, relevant provisions are included in the loan agreements and the bidding documents for the project. ADB's Anticorruption Policy was explained to and discussed with the government and MOH. The risks and mitigation measures identified focused on anticorruption and integrity are provided in Table 16.

³⁷ ADB. 1998. *Anticorruption Policy*. Manila. <https://www.adb.org/documents/anticorruption-policy>

³⁸ ADB Anticorruption Sanctions List. <http://sanctions.adb.org>

Table 16: Anticorruption and Integrity Risks and Mitigation Measures

Risk Description	Rating	Mitigation Measures	Responsibility
<p>Procurement Due to the urgency, the government may prefer for procurement of vaccines on a post-review basis.</p>	L	Vaccine procurement under ADB financing shall be subject to ADB's review and approval. As a minimum, contracts will be required to include ADB's standard anticorruption and audit clause.	MSD, SPC, PMU and ADB
<p>Governance Possible integrity issues might be encountered during procurement, distribution, allocation, and administration of COVID-19 vaccines, and project implementation.</p>	M	<p>ADB's Anticorruption Policy and whistle blowing mechanisms will be introduced to MOH Units, MSD, SPC, and PMU staff engaged under the project to ensure that they are equipped with sufficient knowledge and aware of the policy from the very early stage of project implementation.</p> <p>The project National Steering Committee provides oversight and supervision for the project, and the National Audit Office will conduct both financial and performance audits of the project on a regular basis.</p> <p>ADB under its technical assistance will conduct integrity knowledge management sessions for MOH/MSD/PMU and other project stakeholders to increase the awareness and compliance with ADB's Anticorruption Policy.</p>	MOH, MSD, SPC, PMU and ADB

ADB = Asian Development Bank, COVID-19 = coronavirus disease 2019, L = low, M = moderate, MOH = Ministry of Health, MSD = Medical Supplies Division, PMU = project management unit, SPC = State Pharmaceuticals Corporation of Sri Lanka.

Source: Asian Development Bank.

XI. ACCOUNTABILITY MECHANISM

82. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should make an effort in good faith to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.³⁹

³⁹ ADB Accountability Mechanism. <http://www.adb.org/Accountability-Mechanism>

XII. RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL

83. All revisions and/or updates during the course of implementation should be retained in this section to provide a chronological history of changes to implemented arrangements recorded in the PAM, including revision to contract awards and disbursement s-curves.

DESIGN AND MONITORING FRAMEWORK

Impact of the project: Resilience and responsiveness of the health system enhanced to curtail the COVID-19 virus spread; reduce morbidity and mortality; and reduce the negative health, social, and economic effects of the COVID-19 pandemic in Sri Lanka ^a			
Results chain	Performance Indicators with Targets and Baselines	Data and Reporting	Risks and Critical Assumptions
Outcome 1. Priority populations of Sri Lanka vaccinated against COVID-19 as per the NDVP without compromising routine vaccine service and other health services	By 2024 for all indicators: a. At least 18.2% of population fully vaccinated against COVID-19 (disaggregated by sex, age, province, and district) (2021 baseline: 0% as of May 2021) ^b (OP 1.1; OP 2.1.4) b. At least 93% coverage of age-appropriate routine vaccination program maintained (2021 baseline: 93% for HPV [for girls]; 98% for MMR [for boys and girls]) ^c	a. Routine data from the Epidemiology Unit of the Ministry of Health and the newly introduced VIMS for COVID-19 (COVID-19 immunization tracker) (disaggregated data) b. Annual Health Bulletin of the MOH, immunization coverage by regional directors of health areas, Sri Lanka, and Epidemiology Unit	R: Changes in health-seeking behavior, including COVID-19 vaccine acceptance behavior, may take longer than the project period.
Outputs 1. COVID-19 vaccines delivered	1. By 2024, the number of required COVID-19 vaccine doses for vaccinating at least 4 million people delivered to the central epidemiology unit and the Regional Medical Supplies Divisions (2021 baseline: 0) ^d (OP 1.1.2)	1. Epidemiology Unit	R: Limited supply of vaccine because of high global demand leads to delay in vaccine delivery to Sri Lanka
2. Vaccination information dissemination and monitoring systems strengthened	2a. By 2024, an electronic immunization data management system established and integrated in the national health information system with sex- and age-disaggregated data (2021 baseline: Not available) (OP 6.2; OP 6.2.1)	2a. Health Information Unit and the Epidemiology Unit with technical guidance from WHO Sri Lanka	
	2b. By 2024, sex-disaggregated age-appropriate immunization data included in annual national health reports (2021 baseline: Not available) ^e 2c. By 2023, at least 90% of the 5,000 participants (60% women) of information campaigns assisted in COVID-19 vaccination in the respective medical officer of health areas (2021 baseline: 0) ^f	2b. Epidemiology Unit, VIMS records 2c. Health Promotion Bureau and quarterly progress reports	

Results chain	Performance Indicators with Targets and Baselines	Data and Reporting	Risks and Critical Assumptions
3. Capacity of vaccine transport systems expanded	<p>3a. By 2022, 36 refrigerated trucks delivered (10 for MOH and one to each of the 26 regional medical supplies divisions) to transport vaccines (2021 baseline: 0) (OP 6.2)</p> <p>3b. By 2023, mobile communication teams (50% women) in at least 50% of medical officers of health areas reporting increased knowledge of gender and socially sensitive ways of communicating COVID-19 vaccine benefits and risks to women and excluded and vulnerable groups (2021 baseline: 0%)</p> <p>3c. By 2023, at least 25 district-specific vehicle hire contracts signed for dedicated transport to enable vulnerable women and people with disabilities to access vaccination centers in all nine provinces (2021 baseline: 0)</p>	<p>3a. Epidemiology Unit, medical supplies division data</p> <p>3b.–3c. Health Promotion Bureau and quarterly progress reports</p>	
4. Vaccine-related medical waste management strengthened	<p>4a. By 2024, 12 satellite hospitals provide clustered HCWM practices (2021 baseline: 0)⁹ (OP 3.3.2)</p> <p>4b. By 2024, sewerage waste disposal improved in 26 COVID-19 managed hospitals (2021 baseline: 0) (OP 3.3.2)</p>	4a.–4b. Quarterly progress reports	

Key activities with milestones

1. Output 1: COVID-19 vaccines delivered

- 1.1 Consumables required for vaccination rollout procured (Q2 2021)
- 1.2 Procurement of vaccines to cover 2 million population (9.1%) completed (Q4 2021)
- 1.3 Procurement of vaccines to cover 2 million population (9.1%) completed (Q2 2022)
- 1.4 Medical supplies management information system upgraded and replaced (Q2 2023)

2. Output 2: Vaccination information dissemination and monitoring systems strengthened

- 2.1 Laptop computers and tablets (3,640) to all MOH offices procured (Q4 2021)
- 2.2 Training of civil society organizations to ensure gender equality and social inclusion on vaccination completed (Q4 2021)
- 2.3 Project officers and other agreed additional staff (as defined in the project costing sheet) for each technical unit of the MOH (Epidemiology Unit, Medical Supplies Division, Health Promotion Bureau, and Health Information Unit) recruited (Q2 2021)

3. Output 3: Capacity of vaccine transport systems expanded

- 3.1 Vehicle hiring facilities via 25 district-specific contracts available for all nine provinces (Q3 2021)

- 3.2 36 refrigerated trucks for MOH and RMSDs (10 to MOH [two to Epidemiology Unit, one to FHB, and seven to MSD] and one to each of the 26 regional medical supplies divisions) procured (Q4 2021)
- 3.3 Gender consultant and HPB conduct training program on gender and socially inclusive communication for mobile communication teams in medical officers of health areas (Q3 2021)
- 3.4 Training manuals developed addressing the needs of pregnant and lactating women and women with disabilities, identifying GBV cases, and providing referral support to survivors (Q3 2021)

4. Output 4: Vaccine-related medical waste management strengthened

- 4.1 12 incinerators procured and installed in identified hospitals in six provinces (Uva, Sabaragamuwa, North Western, North Central, North, and East) (Q1 2022)
- 4.2 Clustered HCWM activities introduced at each of the 12 hospitals (Q3 2022)
- 4.3 26 sewerage systems in the 26 identified COVID-19 managed hospitals will be reviewed, cost estimated, repaired, and renovated (Q3 2023)

Project Management Activities

Conduct procurement value-for-money analysis and post-review sampling
 Prepare and submit quarterly and annual progress reports
 Submit annual audited project financial statements
 Submit periodic performance audits on NDVP implementation
 Prepare project completion report

Inputs

ADB: \$150.00 million (ordinary capital resources loan)
 Government of Sri Lanka: \$11.85 million

ADB = Asian Development Bank, COVID-19 = coronavirus disease, FHB = Family Health Bureau, GBV = gender-based violence, HCWM = health care waste management, HPB = Health Promotion Bureau, HPV = herpes papillomavirus, MMR = measles, mumps, and rubella, MOH = Ministry of Health, MSD = medical supplies division, NDVP = National Deployment and Vaccination Plan for COVID-19 Vaccines, OP = Operational Priority of ADB Strategy 2030, PMU = project management unit, Q = quarter, RMSD = regional medical supplies division, VIMS = Vaccine Information Management System, WHO = World Health Organization.

Notes:

- ^a Government of Sri Lanka. 2020. *Sri Lanka Preparedness & Response Plan COVID-19*. Colombo; Government of Sri Lanka. 2021. *National Deployment and Vaccination Plan for COVID-19 Vaccines*. Colombo; ADB. 2020. *ADB's Support to Enhance COVID-19 Vaccine Access*. Manila.
- ^b Aligned with the WHO SAGE Roadmap for Prioritizing Uses of COVID-19 Vaccine in the Context of Limited Supply. November 2020, and Background Paper on Covid-19 Disease and Vaccines (Draft Document - Prepared by the Strategic Advisory Group of Experts [SAGE] On Immunization, Working Group on COVID-19 Vaccines). Technical Document, 22 December 2020.
- ^c Sri Lanka's Routine Vaccination Program covers 12 vaccine-preventable diseases: tuberculosis (Bacillus Calmette–Guérin (BCG) vaccine); pentavalent vaccine for hepatitis B; diphtheria; whooping cough; tetanus; Haemophilus influenzae B; poliomyelitis (both the oral polio vaccine and inactivated polio vaccine); measles, mumps, and rubella (MMR vaccine); Japanese encephalitis; human papillomavirus for girls. Average age-appropriate immunization coverage for all vaccines was more than 99% in 2018.
- ^d Of 22 million population, ADB will provide vaccine procurement support for 18.2% of the total population, the World Bank 13.6% of the total population, COVAX 20.0% of the total population, Government of India in-kind contribution for 1.1% of the total population, Government of the People's Republic of China in-kind contribution for 1.3% of the total population, and the balance by the Government of Sri Lanka.
- ^e Currently, total age-appropriate vaccination numbers are being reported.
- ^f Civil society organizations to be engaged will identify these 5,000 people and make them aware of the benefits of vaccination. These people will be provided with transport facilities to and from vaccination centers, and assistance in the vaccination process at the vaccination centers.
- ^g Based on the WHO definition and Sri Lanka context, the medical waste management plan envisages to establish a cluster-based waste management system. Currently, three provinces' medical waste is transported and managed at a privately managed off-site location. The Government of Sri Lanka allocates payments for this service. In the other six provinces, the MOH and provincial governments are expected to establish clustered waste management plans with incineration facilities at the apex (higher level) secondary care hospital location. The liquid waste sewerage is expected to be managed at the facility level.

Contribution to Strategy 2030 Operational Priorities

Expected values and methodological details for all OP indicators to which this project will contribute results are detailed in Contribution to Strategy 2030 Operational Priorities (accessible from the list of linked documents in Appendix 2). In addition to the OP indicators tagged in the design and monitoring framework, this project will contribute results for:

OP 2.1.4 Women and girls benefiting from new or improved infrastructure (Expected value: 2,080,000),

OP 2.2.2 Health services for women and girls established or improved (Expected value: 1),

OP 6.1.4 Transparency and accountability measures in procurement and financial management supported in implementation (Expected value: 1), and

OP 7.3.3 Measures to improve regional public health and education services supported in implementation (Expected value: 1).

Source: Asian Development Bank.

QUARTERLY FINANCIAL REPORT TO BE INCLUDED IN THE QUARTERLY PROGRESS REPORT (QPR)

General Instructions

The financial information in the format outlined below are to be included in the quarterly progress reports (QPRs) to be submitted to ADB within 45 days after each quarter. In case of delays or incomplete information, ADB will submit a reminder to the EA/IA. Repeated delays or incomplete information may have a negative impact on the project performance ratings and may be discussed during review missions.

Section A. Utilization of Funds (ADB Loan, and Counterpart Funds)

In this section, include the following information:

- i. Overall status of project financing including the adequacy and timeliness of counterpart funds;
- i. Cumulative contract awards financed by the ADB loan, and counterpart funds (commitment of funds to date), and comparison with time-bound projections (targets – for ADB financing compare the actual contract awards with the contract award curve included in the PAM). Include an analysis of significant variances between planned and actual contract awards; Provide contract-wise details as per Annex 3;
- ii. Cumulative disbursements from the ADB loan, and counterpart funds (expenditure to date), and comparison with time-bound projections (targets – for the ADB financing compare the actual disbursement with the disbursement projections as per the S-curve included in the PAM), Include an analysis of significant variances between planned and actual disbursements;
- iii. Analysis of the physical vs financial progress, with significant deviations analyzed and explained. Attach a detailed report with the following information for each contract: i) Amount committed, ii) amount disbursed, iii) outstanding balance, iv) vaccines/equipment ordered, v) vaccines/equipment received, vi) vaccines/equipment still to be received/outstanding balance, vii) vaccines/equipment currently in stock, viii) vaccines/equipment administered/used and ix) reconciliation items, e.g., vaccine wastage etc. An indicative template is included in Annex 2.
- iv. Reconciliation of project records and ADB disbursement records (LFIS/GFIS) for the reporting period and cumulative from project inception to end of the reporting period. Explain reasons for discrepancies and outline follow-up actions required (if any). Attach a detailed reconciliation by WA as per Annex 1; and
- v. Re-estimated costs to completion (if applicable), need for reallocation within ADB loan categories, and whether an overall project cost overrun is likely.

Section B. Financial Management

In this section, include the following information:

- i. Summary of the Financial management arrangements in the project including: a) any problems in the existing FM arrangements and/or flow of funds and b) any significant changes

occurred during the reporting period (e.g. FM staff turnover, implementation of new financial systems, emerging FM related risks etc.);

- ii. Summary of the status of each agreed action in the FM action plan outlined in the PAM. Attach a detailed log as per Annex 4;
- iii. Outline the status of recommendations and immediate actions provided by ADB as part of the APFS/AEFS review (if any) and FM related recommendations agreed during ADB review missions (if any). Attach a detailed log as per Annex 5; and
- iv. Summarize the status of Status of past audit observations (if any) as well as the internal audit findings and recommendations related to the execution of NDVP. Attach a detailed log as per Annex 3.

Annexes: Attach the following annexes to the report when submitting it to ADB:

1. Annex 1: ADB loan/grant disbursement report including a detailed reconciliation (by Withdrawal application) of project records and ADB disbursement records (LFIS) for the fiscal year to date and cumulative;
2. Annex 2: Financial vs physical progress
3. Annex 3: Contract register/List of signed contracts
4. Annex 4: Status of past audit observations (resolved/ pending);
5. Annex 5: Status of FM action plan (complied/ongoing)
6. Annex 6: Status of FM related actions agreed during ADB review missions (if any).

Annex 1. Disbursement report for the Fiscal Year to Date and Cumulative including Detailed Reconciliation (by Withdrawal Application) of Project Records and ADB Disbursement Records (LGFIS) – separate reports to be generated for the ADB RRC loan and PIC loan

Statement of Disbursement by ADB Financing Source (RRC/PIC loan) for the year ended DD/MM/YYYY				
Statement of Disbursement	Notes	Reporting period	Fiscal year to date	Cumulative Project to Date
ADB RRC/PIC loan Funds claimed during the year	A			
Reimbursement				
Advance Fund				
Direct Payment				
Subtotal				
Expenditure incurred not yet claimed	B			
Subtotal				

**Note A: Detailed Reconciliation (by Withdrawal Application) of Project Records and ADB Disbursement Records (LFIS)
for the Fiscal Year to Date and Cumulative
separate reports to be generated for the ADB RRC loan and PIC loan**

List of Withdrawal Applications Claimed under the RRC/PIC loan										
WA Details			Per project records/APFS (Amount recorded in the project Financial statements as reimbursement, direct payment, etc..)				Per ABD disbursement records LFIS/GFIS (actual Paid)			Remarks
Withdrawal application No (WA)	Disbursement method (reimbursement, direct payment, etc..)	Time period covered in the WA	Date	In local currency (as recorded in project records/ financial statements)	exchange rate	USD equivalent (A)	Value date	In USD (B)	Difference (A-B)	Reason for difference (i.e. timing forex. Pending rejected)
1		1-31.3.2020								
2										
3										
etc..										
Total - Fiscal year to Date										
Total Cumulative										

Note B: Provide a breakdown of expenditures incurred but not yet claimed from ADB

Annex 3: Status of Signed Contracts - Cumulative to date

Contract Information											
Description*	Contract Description	Contract Start	Contract End	Supplier/ Contractor Name	Contract No.	Total Contract Value	Total Contract Amount Invoiced to date	Total Disbursed on Contract	Total Undisbursed Amount	Responsible entity	Financing source (ADB loan, JFPR grant, etc.)
1. Civil works											
2. Equipment/ supplies											
3. Consulting services											
Total											

*Classified as per expenditure categories outlined in the PAM.

Annex 4A: Status of External Audit Observations – Cumulative from Inception to End of Reporting Period

Responsible Entity:	External Audit Observation	Date of the Recommendation	Planned Actions to Address the Recommendation	Responsibility	Current Status of the Planned Action (pending /resolved)	Remarks

Annex 4B: Status of Internal Audit Observations/Recommendations – Cumulative from Inception to End of Reporting Period

Responsible Entity:	Internal Audit Recommendation	Date of the Recommendation	Planned Actions to Address the Recommendation	Responsibility	Current Status of the Planned Action (pending /resolved)	Remarks

Annex 5: Status of Financial Management Action Plan

Key Risk	Risk Mitigating Activity	Timeline	Responsible Entity	Current Status (implemented/Pending)	Remarks (including an action plan in case of noncompliance)

Annex 6: Status of FM related actions agreed during ADB review missions or TPRMs

Date of the review mission	Agreed actions	Timeline	Responsible Entity	Current Status (implemented/Pending)	Remarks

Procurement Plan

Project Name: Responsive COVID-19 Vaccines for Recovery under the Asia Pacific Vaccine Access Facility		
Project Number: 55085-001	Approval Number:	
Country: Sri Lanka	Executing Agency: Ministry of Health	
Procurement Risk: Moderate	Implementing Agency: Ministry of Health	
Project Financing Amount: \$ 150 million ADB Financing: \$ 150 million (APVAX RRC: \$84 million, APVAX PIC: \$66 million) Cofinancing (ADB Administered): \$ 0 Non-ADB Financing: \$ 0	Project Physical Completion Date: 30 June 2024 Project Financial Closing Date: 31 December 2024	
Date of First Procurement Plan: 3 June 2021	Date of this Procurement Plan: 3 June 2021	
Procurement Plan Duration: 18 months	Advance contracting: Yes	eGP: No

A. Methods, Review and Procurement Plan

Except as the Asian Development Bank (ADB) may otherwise agree, the following methods shall apply to procurement of goods, works, nonconsulting services, and consulting services.

Procurement of Goods, Works and Nonconsulting Services	
Method	Comments
OCB International advertisement OCB National advertisement Limited Competitive Bidding Request for Quotation Direct Contract	

Consulting Services	
Method	Comments
Consultants' Qualification Selection (CQS) Individual Consultant Selection	

B. List of Active Procurement Packages (Contracts)

The following table lists goods, works, nonconsulting, and consulting services contracts for which the procurement activity is either ongoing or expected to commence within the procurement plan's duration.

Goods, Works, and Nonconsulting Services							
Package Number	General Description	Estimated Value (million \$)	Procurement Method	Review	Bidding Procedure	Advertisement Date	Comments
1	COVID-19 Vaccines	84.00	Direct	Prior	N/A	NA	No. of Contracts: Multiple Domestic Preference: No Advance

							Contracting: Yes High Risk Contract: Yes COVID-19 Response: Yes Procurement entity: SPC Type: Goods - Pharmaceutical APVAX (RRC): \$84 million
2	International logistics	10.00	Direct	Prior/ Post	N/A	NA	No. of Contracts: Multiple Domestic Preference: No Advance Contracting: Yes High Risk Contract: No COVID-19 Response: Yes Procurement entity: SPC Type: Non consulting services
3	IT systems development and associated hardware to improve regulatory capacity, and institutional arrangements for acquiring vaccines, consumables and drugs	4.00	OCB	Prior	1S1E	Q4 2021	No. of Contracts: Multiple Domestic Preference: No Advance Contracting: Yes High Risk Contract: No COVID-19 Response: Yes Procurement entity: PMU Type: TBD
4	Ancillary medical consumables for vaccination	5.80	LCB	Prior/ Post	1S1E	Q2 2021	No. of Contracts: Multiple Domestic Preference: No Advance Contracting: Yes High Risk Contract: No COVID-19 Response: Yes Procurement entity: SPC Type: Goods - Pharmaceutical

5	IT Equipment and connectivity for vaccine management	3.13	RFQ	Prior		Q2 2021	<p>No. of Contracts: Multiple Domestic Preference: No Advance Contracting: Yes High Risk Contract: No COVID-19 Response: Yes Procurement entity: PMU</p> <p>Items: Laptop, mobile phones, tabs, routers, internet connectivity and other IT equipment</p>
6	Developing and Printing of communications material (video, clips, print material) for targeting vulnerable population, engagement of communities, rural/estate, material/content, IPC, vaccine related dissemination	0.13	RFQ	Prior/ Post		Q2 2021	<p>No. of Contracts: Multiple Domestic Preference: No Advance Contracting: Yes High Risk Contract: Yes COVID-19 Response: Yes Procurement entity: PMU Type: Non-Consulting Services</p>
7	Vehicle hire (district vaccination teams)	0.95	RFQ	Prior		Q2 2021	<p>No. of Contracts: Multiple Domestic Preference: No Advance Contracting: Yes High Risk Contract: Yes COVID-19 Response: Yes Procurement entity: PMU Type: Non-Consulting Services</p> <p>Service: transport to reach vaccination centers and for additional teams</p>

							for monitoring of the vaccination rollout across all 26 districts.
8	Small crew cabs (refrigerated)	1.32	RFQ	Prior		Q2 2021	No. of Contracts: Multiple Domestic Preference: No Advance Contracting: Yes High Risk Contract: No COVID-19 Response: Yes Procurement entity: PMU Distribution of vaccines from 26 Regional drug stores to each of the Vaccination centers.
9	Large, refrigerated trucks	0.76	RFQ	Prior		Q2 2021	No. of Contracts: Multiple Domestic Preference: No Advance Contracting: Yes High Risk Contract: No COVID-19 Response: Yes Procurement entity: PMU Transport vaccines/drugs to all 26 regional drug stores
10	Incinerators for waste management satellite hospitals	1.01	RFQ	Prior		Q2 2021	No. of Contracts: Multiple Domestic Preference: No Advance Contracting: Yes High Risk Contract: No COVID-19 Response: Yes Procurement entity: PMU Type: Equipment

11	Support to operational cost to operate HCWM clusters	1.01	RFQ	Prior	1S1E	Q2 2021	No. of Contracts: Multiple Domestic Preference: No Advance Contracting: Yes High Risk Contract: NO COVID-19 Response: Yes Procurement entity: PMU Type: Non-Consulting Services
12	Construction of 26 hospital sewerage systems	19.80	OCB	Prior	1S1E	Q1 2022	No. of Contracts: Multiple Domestic Preference: No Advance Contracting: Yes High Risk Contract: No COVID-19 Response: Yes Procurement entity: PMU Type: Civil works Provision of 26 sewerage systems at COVID-19 designated hospitals (wastewater, all other liquid waste and sewerage)
13	Waste management services	1.64	RFQ	Prior		Q3 2021	No. of Contracts: Multiple Domestic Preference: No Advance Contracting: Yes High Risk Contract: No COVID-19 Response: Yes Procurement entity: PMU Type: Civil works (minor repairment), Associated equipment purchase.

14	Office equipment and furniture	0.16	RFQ	Prior		Q2 2021	No. of Contracts: Multiple Domestic Preference: No Advance Contracting: Yes High Risk Contract: No COVID-19 Response: Yes Procurement entity: PMU
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Consulting Services							
Package Number	General Description	Estimated Value (\$)	Selection Method	Review	Type of Proposal	Advertisement Date	Comments
1	Epidemiology Consultant	73,000	ICS	Prior		Q2 2021	
2	Environmental safeguard Consultant	64,000	ICS	Prior		Q2 2021	
3	Social safeguard Consultant	64,000	ICS	Prior		Q2 2021	
4	Social inclusion and Gender Consultant	64,000	ICS	Prior		Q2 2021	
5	Design and supervision of sewerage systems upgrade	763,000	CQS	Prior	BTP	Q2 2021	

C. List of Indicative Packages (Contracts) Required under the Project

The following table lists goods, works, nonconsulting, and consulting services contracts for which the procurement activity is expected to commence beyond the procurement plan duration and over the life of the project (i.e., those expected beyond the current procurement plan's duration).

Goods, Works and Nonconsulting Services						
Package Number ¹	General Description	Estimated Value (\$)	Procurement Method	Review	Bidding Procedure	Comments

Consulting Services						
Package Number	General Description	Estimated Value (\$)	Selection Method	Review	Type of Proposal	Comments