



Report and Recommendation of the President to the Board of Directors

Project Number: 54171-002
August 2020

Proposed Loan Republic of the Philippines: Health System Enhancement to Address and Limit COVID-19

Distribution of this document is restricted until it has been approved by the Board of Directors. Following such approval, ADB will disclose the document to the public in accordance with ADB's Access to Information Policy.

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 27 July 2020)

| | | |
|---------------|---|-----------|
| Currency unit | – | peso (₱) |
| ₱1.00 | = | \$0.02026 |
| \$1.00 | = | ₱49.3350 |

ABBREVIATIONS

| | | |
|--------------|---|---|
| ADB | – | Asian Development Bank |
| BSL | – | biosafety level |
| COVID-19 | – | coronavirus disease |
| DOH | – | Department of Health |
| ECQ | – | enhanced community quarantine |
| GDP | – | gross domestic product |
| HEAL | – | Health System Enhancement to Address and Limit COVID-19 |
| JBL Hospital | – | Jose B. Lingad Regional Memorial Hospital |
| LGU | – | local government unit |
| NCR | – | National Capital Region |
| O&M | – | operation and maintenance |
| PAM | – | project administration manual |
| PCR | – | polymerase chain reaction |
| PHIC | – | Philippine Health Insurance Corporation |
| PMT | – | Project Management Team |
| PPE | – | personal protective equipment |
| UNOPS | – | United Nations Office for Project Services |
| WHO | – | World Health Organization |

NOTES

- (i) The fiscal year (FY) of the Government of the Philippines ends on 31 December.
- (ii) In this report, "\$" refers to United States dollars.

| | |
|--|--|
| Vice-President Director General Directors | Ahmed M. Saeed, Operations 2 Ramesh Subramaniam, Southeast Asia Department (SERD) Ayako Inagaki, Human and Social Development Division (SEHS), SERD Vijay Padmanabhan, Urban Development and Water Division (SEUW), SERD Kelly Bird, Philippines Country Office (PHCO), SERD |
| Team leaders | Sakiko Tanaka, Principal Social Sector Specialist, SEHS, SERD Rikard Elfving, Senior Social Sector Specialist, SEHS, SERD Ruby Alvarez, Senior Project Officer (Infrastructure), PHCO, SERD |
| Team members | Meenakshi Ajmera, Principal Safeguards Specialist, Office of the Director General (SEOD), SERD Oscar Amiel A. Badiola, Senior Programs Officer, PHCO, SERD Eduardo Banzon, Principal Health Specialist, Health Sector Group, Sector Advisory Service Cluster–Health, Sustainable Development and Climate Change Department (SDCC) Maricar Barrogo, Associate Project Officer, SEUW, SERD Elizabeth Burges-Sims, Senior Social Development Specialist (Gender and Development), SEHS, SERD Mylene Camara-Crespo, Project Officer, SEHS, SERD Gail Oliver Domagas, Senior Financial Control Specialist, Loan Administration Division-Loan and Grant Disbursement, Controller’s Department Ma. Karmela Dua, Operations Assistant, SEHS, SERD Steven Goldfinch, Disaster Risk Management Specialist, Climate Change and Disaster Risk Management Division, SDCC Siti Hasanah, Urban Development Specialist, SEUW, SERD Shinsuke Kawazu, Principal Counsel, Office of the General Counsel Rouselle Lavado, Senior Health Specialist, Economic Analysis and Operational Support Division, Economic Research and Regional Cooperation Department Cristina Lozano Astray, Principal Country Specialist, PHCO, SERD Lila Mallory; Senior Procurement Specialist; Procurement Division 2 (PFP2); Procurement, Portfolio and Financial Management Department (PPFD) Mariangela Medina, Project Analyst, SEHS, SERD Kevin Moore, Senior Procurement Specialist, PFP2, PPFD Alain Morel, Principal Country Specialist, PHCO, SERD Antoine Morel, Principal Environment Specialist, SEOD, SERD Lynnette Perez, Senior Education Specialist, SEHS, SERD Myra Ravelo, Senior Financial Management Officer, Public Financial Management Division, PPFD Ma. Karen Revilla-Guzman, Senior Project Officer, SEHS, SERD Ye Xu, Health Specialist, SEHS, SERD |

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

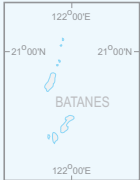
CONTENTS

| | Page |
|--|-------------|
| PROJECT AT A GLANCE | |
| MAP | |
| I. THE PROPOSAL | 1 |
| II. THE PROJECT | 1 |
| A. Rationale | 1 |
| B. Project Description | 5 |
| C. Value Added by ADB | 6 |
| D. Summary Cost Estimates and Financing Plan | 7 |
| E. Implementation Arrangements | 8 |
| III. DUE DILIGENCE | 9 |
| A. Economic and Financial Viability | 9 |
| B. Sustainability | 9 |
| C. Governance | 10 |
| D. Poverty, Social, and Gender | 10 |
| E. Safeguards | 11 |
| F. Summary of Risk Assessment and Risk Management Plan | 12 |
| IV. ASSURANCES | 12 |
| V. RECOMMENDATION | 12 |
| APPENDIXES | |
| 1. Design and Monitoring Framework | 13 |
| 2. List of Linked Documents | 16 |

PROJECT AT A GLANCE

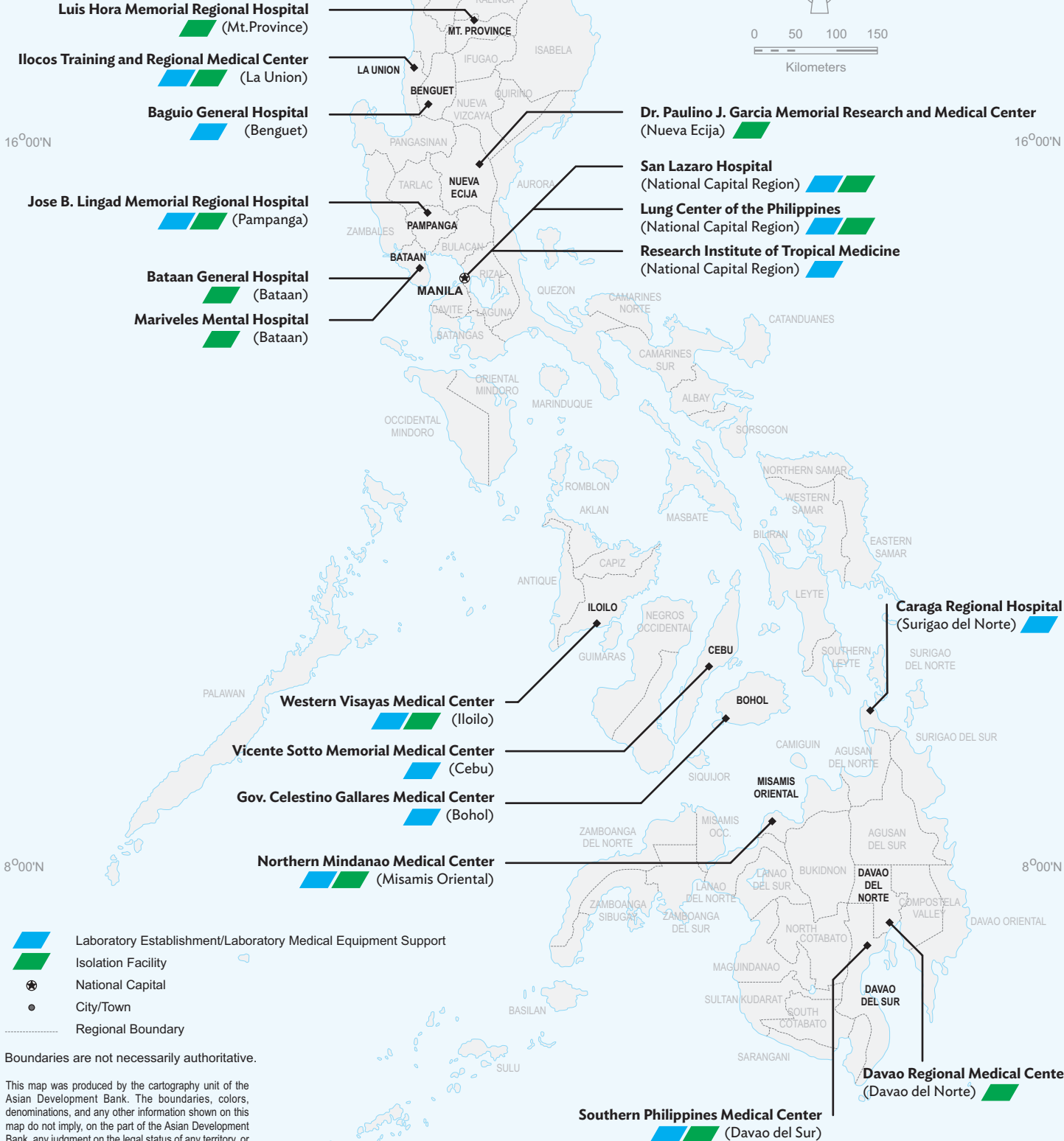
| | | | |
|--|---|--|----------------------|
| 1. Basic Data | | Project Number: 54171-002 | |
| Project Name | Health System Enhancement to Address and Limit COVID-19 | Department/Division | SERD/SEHS |
| Country | Philippines | Executing Agency | Department of Health |
| Borrower | Republic of the Philippines | | |
| Country Economic Indicators | https://www.adb.org/Documents/LinkedDocs/?id=54171-002-CEI | | |
| Portfolio at a Glance | https://www.adb.org/Documents/LinkedDocs/?id=54171-002-PortAtaGlance | | |
| 2. Sector | | ADB Financing (\$ million) | |
| ✓ Health | Subsector(s) Disease control of communicable disease | | 62.50 |
| | Health sector development and reform | | 62.50 |
| | | Total | 125.00 |
| 3. Operational Priorities | | Climate Change Information | |
| ✓ Addressing remaining poverty and reducing inequalities | | GHG reductions (tons per annum) | 0 |
| ✓ Accelerating progress in gender equality | | Climate Change impact on the Project | Low |
| ✓ Strengthening governance and institutional capacity | | | |
| | | ADB Financing | |
| | | Adaptation (\$ million) | 0.00 |
| | | Mitigation (\$ million) | 0.00 |
| | | Cofinancing | |
| | | Adaptation (\$ million) | 0.00 |
| | | Mitigation (\$ million) | 0.00 |
| Sustainable Development Goals | | Gender Equity and Mainstreaming | |
| SDG 1.b | | Effective gender mainstreaming (EGM) | ✓ |
| SDG 3.2, 3.8 | | | |
| SDG 5.6 | | Poverty Targeting | |
| SDG 10.3 | | General Intervention on Poverty | ✓ |
| 4. Risk Categorization: | Low | | |
| 5. Safeguard Categorization | Environment: C Involuntary Resettlement: C Indigenous Peoples: C | | |
| 6. Financing | | | |
| Modality and Sources | | Amount (\$ million) | |
| ADB | | 125.00 | |
| Sovereign Project (Regular Loan): Ordinary capital resources | | 125.00 | |
| Cofinancing | | 0.00 | |
| None | | 0.00 | |
| Counterpart | | 6.00 | |
| Government | | 6.00 | |
| Total | | 131.00 | |
| Currency of ADB Financing: US Dollar | | | |

PHILIPPINES HEALTH SYSTEM ENHANCEMENT TO ADDRESS AND LIMIT COVID-19



119°00'E

125°00'E



- Laboratory Establishment/Laboratory Medical Equipment Support
- Isolation Facility
- National Capital
- City/Town
- Regional Boundary

Boundaries are not necessarily authoritative.

This map was produced by the cartography unit of the Asian Development Bank. The boundaries, colors, denominations, and any other information shown on this map do not imply, on the part of the Asian Development Bank, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries, colors, denominations, or information.

119°00'E

125°00'E

I. THE PROPOSAL

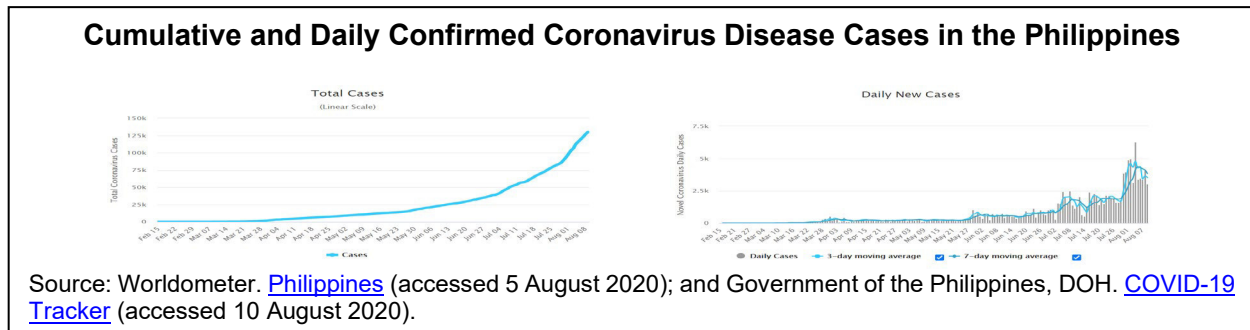
1. I submit for your approval the following report and recommendation on a proposed loan to the Republic of the Philippines for the Health System Enhancement to Address and Limit COVID-19 (HEAL).

2. As part of the comprehensive support of the Asian Development Bank (ADB) for the Government of the Philippines in responding to the coronavirus disease (COVID-19), HEAL will assist the Department of Health (DOH) in scaling up public health capacity to manage the pandemic. It will provide medical equipment and supplies and upgrade laboratories and isolation facilities at 17 DOH hospitals throughout the country. This will strengthen COVID-19-related testing, surveillance, infection prevention and control, and treatment. It will also help to improve the preparedness and resilience of the health system to handle future public health threats. HEAL will support three operational priorities of ADB's Strategy 2030—addressing remaining poverty and reducing inequalities, accelerating progress in gender equality, and strengthening governance and institutional capacity. The outcome of HEAL will be the strengthened capacity of DOH to detect, contain, and treat COVID-19 cases.

II. THE PROJECT

A. Rationale

3. **State of public health emergency.** On 8 March 2020, the government declared a state of public health emergency.¹ New infections rapidly grew and spread from the National Capital Region (NCR) to the rest of Luzon and other parts of the country. The government raised the COVID-19 Alert System to Code Red sublevel 2 on 13 March 2020 and imposed a month-long community quarantine in the NCR. This was later expanded to an enhanced community quarantine (ECQ) for the entire island of Luzon, and several areas in the Visayas and Mindanao. On 15 May 2020, the NCR, Laguna, and the cities of Cebu and Mandaue were placed under modified ECQ until 31 May 2020. By 1 June 2020, most places either moved into general community quarantine if the daily reported number of new cases were decreasing or were required to implement minimum health standards if no new cases had been reported in the preceding two weeks. However, due to a spike in the number of cases, modified ECQ was re-introduced in the NCR, Bulacan, Cavite, Laguna, and Rizal from 4 to 18 August 2020. The Philippines had registered 129,913 confirmed cases (including 239 serious or critical ones and 67,673 recoveries) and 2,270 deaths out of 1,769,881 tests conducted (Figure).²



¹ Official Gazette. 2020. [Proclamation No. 922 s. 2020 Declaring a State of Public Health Emergency Throughout the Philippines](#). Manila.

² Worldometer. [Philippines](#) (accessed 20 July 2020); and Government of the Philippines, DOH. [COVID-19 Tracker](#) (accessed 10 August 2020).

4. The government announced the guiding principles of minimum health standards in the health and other sectors—the “new normal”—aiming to prevent the spread of COVID-19 cases after all quarantine measures are lifted. The imposition of the ECQ, modified ECQ, and general community quarantine is expected to prevent wider community transmission and avoid overwhelming the health system. Recent studies confirm that without quarantine measures, the country’s hospital system would have been overwhelmed by more than 1 million people needing hospitalization.³

5. **Strained health system.** The growing number of COVID-19 cases poses a serious threat to the country’s health system, which had long neglected laboratory and diagnostic services and investments in human resource capacity. Delays in COVID-19 testing, long turn-around time from sampling to obtaining results (para. 6), inadequate infection control such as the lack of personal protective equipment (PPE) in hospitals, overcrowded emergency rooms, insufficient number of hospital and critical care beds, and an increasing number of health professionals getting infected and dying from COVID-19 further constrain the health system.

6. **Insufficient testing and surveillance capacity.** In early March 2020, the Research Institute for Tropical Medicine was the only laboratory conducting polymerase chain reaction (PCR) testing for COVID-19 for the whole country. This limited testing capacity, combined with fragmented contact tracing, made it difficult to centrally monitor and ensure the application of control measures by local government units (LGUs), such as the isolation of probable and suspect cases. LGUs are also constrained by inadequate human and financial resources, and lack of adequate DOH support for contact tracing and the setup of local isolation wards.

7. **Inadequate infection control measures.** COVID-19 has resulted in widespread nosocomial infections.⁴ This highlights the urgent need to isolate suspect cases, even with mild symptoms, and ensure enough supply of PPE for health care workers.⁵ The increased demand for PPE follows the national treatment and infection protocols of suspect and confirmed cases, and about 30 sets of disposable PPE per day per health worker are required.⁶ Both government and private hospitals face a shortage of PPE, which increases the vulnerability of health care staff. The inadequate number of isolation and/or negative pressure rooms in hospitals and the lack of isolation facilities for suspect and mild COVID-19 cases exacerbate the situation.⁷ Only large private and government hospitals have negative pressure rooms at present.⁸

8. **Low treatment capacity for moderate and severe cases.** The low ratios of hospital beds to population (1 hospital bed per 984 people) and doctors to population (about 1 doctor per 2,000 people), and the lack of critical care beds and ventilators also constrain the ability of the health system to treat the growing number of COVID-19 cases in the country. It is globally estimated that 30% of hospitalized COVID-19 patients will require critical care, including invasive mechanical ventilation.⁹ The number of ventilators available nationwide (about 2,000) is inadequate to treat the increasing number of severe COVID-19 cases. The number of health care workers trained in

³ M. Herrera et al. 2020. [Evaluating Potential Consequences of Alternative Public Responses to the Covid-19 Epidemic in the Philippines](#). Manila; University of the Philippines COVID-19 Pandemic Response Team. 2020. *COVID-19 Estimates for Philippine Provinces and Highly Urbanized Cities*. Manila. 5 April.

⁴ Infections that are contracted inside hospitals.

⁵ Y. Niu and F. Xu. 2020. [Deciphering the power of isolation in controlling COVID-19 outbreaks](#). *The Lancet*. 8 (4).

⁶ World Health Organization (WHO). 2020. [Shortage of personal protective equipment endangering health workers worldwide](#). 3 March.

⁷ Negative pressure rooms are isolation rooms using negative air pressure to prevent cross-contamination.

⁸ S. Crisostomo. 2020. [Private hospitals prepared for nCoV, officials say](#). *Philstar Global*. 4 February.

⁹ Imperial College COVID-19 Response Team. 2020. [Impact of non-pharmaceutical interventions \(NPIs\) to reduce COVID-19 mortality and healthcare demand](#). London.

respiratory and critical care is insufficient, and suppliers with available ventilators are limited. In addition, providing critical care services may be compromised by inadequate financing and delayed reimbursements of COVID-19 patients' medical and hospital costs by the Philippine Health Insurance Corporation (PHIC).¹⁰

9. Epidemiological studies predict that COVID-19 will persist over a span of 18 to 24 months with periodical surges unless an effective treatment or a vaccine is made available (footnote 3). A large investment in testing, tracing, and constructing isolation facilities is needed to meet the targeted testing of 75,000 cases per day and contact tracing of at least 50,000 individuals by the end of 2020.¹¹ This requires increasing the health system's capacity to address the short-, medium-, and long-term needs triggered by COVID-19 (Table 1).

Table 1: Health System Needs

| Health System Constraints | Short-Term Needs | Medium- to Long-Term Needs |
|---|--|--|
| Insufficient testing and surveillance capacity | Rapidly scale up actual testing to at least 30,000 tests a day | <ul style="list-style-type: none"> • Sustain at least 30,000 actual tests a day • Reach up to 75,000 people per day for testing and trace at least 50,000 individuals by December 2020 • Improve contact tracing by LGUs • Expand number of local level isolation facilities |
| Inadequate infection control measures | Ensure adequate supply of PPE to all health workers | <ul style="list-style-type: none"> • Increase available negative pressure isolation rooms in hospitals |
| Low treatment capacity for moderate and severe COVID-19 cases | Increase availability of critical care beds equipped with ventilators and other needed equipment | <ul style="list-style-type: none"> • Ensure sustained functioning of the critical care equipment • Ensure timely PHIC payment of covered COVID-19 services |

COVID-19 = coronavirus disease, LGU = local government unit, PHIC = Philippine Health Insurance Corporation, PPE = personal protective equipment.

Source: Asian Development Bank.

10. **Government's response.** In early March 2020, the government declared a state of public emergency and imposed area-specific quarantine measures to restrain the spread of COVID-19 (para. 4). To mitigate the harsh social and economic impacts of the severe measures, the government enacted the Bayan Bayanihan to Heal as One Act on 24 March 2020, which provides policies to speed up the response actions laid out in the National Action Plan for COVID-19.¹² The law mandates expedited procurement and delivery of emergency medical supplies and equipment for health facilities that will enable the government to test, trace, isolate, and treat COVID-19 cases. This effort is led by the Department of National Defense and the Department of Interior and Local Government, with DOH providing technical guidance.

11. **Test, trace, isolate, and treat.** Given the increased number of confirmed COVID-19 cases (para. 3), DOH took steps to further increase testing capacity and contact tracing. It boosted the number of government PCR laboratories from 1 to 19, which includes 2 university laboratories, 1 LGU public laboratory, and 1 Department of Agriculture laboratory. ADB supported the convening of the public-private Task Force T3 (Test, Trace, and Treat) to mobilize the private sector to help increase the testing capacity of government laboratories, upgrade the capacities of private laboratories, and set up new private laboratories, particularly outside the major urban centers; and improve inventory and logistics management. With the \$3 million grant from the Asia

¹⁰ ADB. Forthcoming. *PhilHealth: ICT Infrastructure Roadmap*. Consultant's report (TA 8977 REG). Manila; and ADB. 2015. *Regional Technical Assistance for Knowledge and Development Support for Southeast Asia*. Manila.

¹¹ ADB, University of the Philippines Los Baños, and National University of Singapore. *Letting Loose without Letting Up: Costs and Benefits of COVID-19 Control Options Post-ECQ*. Unpublished.

¹² Government of the Philippines. 2020. *National Action Plan for COVID-19 in the Philippines*. Manila.

Pacific Disaster Response Fund, ADB and DOH established a modern subnational pandemic reference laboratory at Jose B. Lingad Regional Memorial Hospital (JBL Hospital), increasing the country's testing capacity by 3,000 tests per day.¹³ As of 25 July 2020, 40 private PCR laboratories have been certified to supplement the government PCR laboratories, bringing the combined total of government and private PCR laboratories to 70. An additional 23 GeneXpert laboratories have also been certified. These have increased daily testing to an average of around 26,000 in the week of 19–25 July 2020. A further increase to over 30,000 tests a day is expected by end-August 2020, as the government expands the coverage of testing from symptomatic patients and frontliners to residents of hotspot barangays.

12. The challenge now lies in sustaining this level of testing by ensuring a sufficient number of trained laboratory personnel, PCR test kits, PPE, and other supplies. The government procured and distributed at least 900,000 sets of PPE across the country. PHIC expanded the benefit coverage of all COVID-19 patients and health workers to also include PCR testing. In addition, DOH is providing additional benefits such as special risk allowance, cash compensation for severe COVID-19 infection, and expanded death benefits for health workers. The country currently has 22 government hospitals, including the university hospital of the state-run University of the Philippines (Philippine General Hospital) and one private hospital, designated as COVID-19 referral hospitals. Several convention centers, stadiums, and other public facilities are also being converted into temporary health facilities to isolate suspect and mild COVID-19 cases.

13. **Development partners' coordination.** Following the World Health Organization (WHO) Strategic Preparedness and Response Plan for COVID-19, the Philippines adopted a whole-of-society coordination mechanism. DOH's Emergency Operating Center leads the national contingency planning process, involving all relevant government agencies, the private sector, and nongovernment organizations such as the Philippine Red Cross. WHO supports DOH in coordinating with development partners such as ADB, the World Bank, the United States Agency for International Development, and other United Nations technical agencies. With the proposed investment loan ADB will support DOH in the provision of medical equipment and supplies, and the upgrade of laboratories and isolation facilities at DOH hospitals in different locations. The World Bank is also providing an investment project loan to support the scaling up of DOH's health response ADB will establish a joint reporting mechanism with the World Bank to ensure complementarity and reduce the transaction costs for DOH.¹⁴

14. **Government request.** The government estimates that an immediate medical response to COVID-19 will cost about \$708 million (₱35 billion equivalent).¹⁵ The National Action Plan for COVID-19 represents a full-scale, whole-of-government response aimed at increasing the testing and tracing capacity and halting community transmission. Recognizing how long-standing weaknesses in health service delivery, financing, and governance capacities have affected its ability to contain COVID-19, DOH aims to invest in improving health infrastructure and equipment, enhancing health human resources, and strengthening health financing and information systems. These investments will support the country's COVID-19 response, help it achieve universal health coverage, and prepare it for future public health security threats. The government requested ADB to provide a dedicated health sector investment loan to accelerate the implementation of the health service delivery component of the National Action Plan for COVID-19 (footnote 12).

¹³ ADB. 2020. [Philippines: COVID-19 Emergency Response](#). Manila.

¹⁴ World Bank. 2020. [Philippines COVID-19 Emergency Response Project](#). Manila. Approved on 22 April 2020, the project will provide medical supplies and equipment and rehabilitate six laboratories. HEAL will support the additional requirements of these laboratories, hence the need for a joint monitoring mechanism between these projects.

¹⁵ Government of the Philippines, Department of Finance. 2020. [The Duterte Administration's 4-pillars Socioeconomic Strategy Against COVID-19](#). Manila (as of 9 April 2020, and regularly updated).

B. Project Description

15. HEAL is aligned with the following impacts: (i) access to enhanced COVID-19-related diagnostic and treatment services for all Filipinos improved (footnote 12); and (ii) health system performance in addressing public health outbreaks improved.¹⁶ HEAL aligns with the third pillar of ADB's country partnership strategy, 2018–2023 for the Philippines, i.e., investing in people through human development and social protection.¹⁷ It will have the following outcome: capacity of DOH to detect, contain, and treat COVID-19 cases strengthened.¹⁸ HEAL will support 17 DOH hospitals under outputs 1 and 2.¹⁹ The outputs are designed in such a way that the permanent infrastructure established and the equipment provided under the loan will strengthen the country's medium- to long-term capacity to deal with a broad spectrum of infectious diseases beyond COVID-19, including respiratory illnesses, which are significant in the Philippines.

16. **Output 1: Disease surveillance and diagnostic capacity upgraded.** HEAL will (i) increase the testing capacity of at least 10 government molecular laboratories by providing testing kits, chemicals, reagents, PPE, and consumables for COVID-19 testing, and patient transport vehicles to deliver specimens to molecular laboratories; (ii) build and equip two biosafety level (BSL)-2 laboratories, and upgrade the equipment of one BSL-3 laboratory and nine other BSL-2 laboratories; (iii) install computed tomography scan machines in 33 hospitals to improve the clinical diagnosis of COVID-19 cases; and (iv) train laboratory technicians in the use of medical equipment and the management of test result data (disaggregated by sex, age, and pre-existing medical conditions) at supported laboratories.

17. **Output 2: Infection prevention and control measures expanded.** HEAL will provide PPE for frontline health workers and laboratory technicians to selected DOH hospitals, LGU hospitals, and national and local government isolation facilities. It will support the renovation and/or construction of negative pressure isolation wards in 12 DOH hospitals (including 7 hospitals supported under output 1). These isolation wards will have equipment to monitor heart rate, blood pressure, respiratory rate, temperature, oxygen saturation level, and other vital signs, as well as hazardous waste treatment facilities. HEAL will also strengthen the infection prevention capacity of health workers in obstetrics, pediatric, and emergency departments through training and communication activities, with the aim of controlling vector transmission in maternal and child health service delivery during public health outbreaks.²⁰

18. **Output 3: Treatment capacity for COVID-19 scaled up.** HEAL will provide 90 ventilators—and training for respiratory technicians and staff to operate them—to 70 DOH

¹⁶ Government of the Philippines, DOH. 2020. *National Objectives for Health Philippines 2017–2022*. Manila.

¹⁷ ADB. 2018. *Country Partnership Strategy: Philippines, 2018–2023—High and Inclusive Growth*. Manila. HEAL was not included in ADB. 2018. *Country Operations Business Plan: Philippines, 2019–2021*. Manila.

¹⁸ The design and monitoring framework is in Appendix 1. HEAL meets the criteria for COVID-19 fast-track processing as it will scale up the Philippines' COVID-19 response capacity by providing investments in subnational reference laboratories, isolation wards, health facilities, urgent medical supplies, and improved services which are critical to control and mitigate the impacts of COVID-19. HEAL will also ensure preparedness for future public health threats. ADB. 2020. *Comprehensive Response to the COVID-19 Pandemic*. Manila.

¹⁹ The proposed hospitals are Baguio General Hospital, Bataan General Hospital, Caraga Regional Hospital, Davao Regional Medical Center, Dr. Paulino J. Garcia Memorial Research and Medical Center, Governor Celestino Gallares Medical Center, Ilocos Training & Regional Medical Center, JBL Hospital, Luis Hora Memorial Regional Hospital, Lung Center of the Philippines, Mariveles Mental Hospital, Northern Mindanao Medical Center, Research Institute for Tropical Medicine, San Lazaro Hospital, Southern Philippines Medical Center, Vicente Sotto Memorial Medical Center, and Western Visayas Medical Center. The selection criteria include (i) being COVID-19 referral hospitals; (ii) strategically located per region; (iii) having high numbers of COVID-19 cases; and (iv) the sites are ready for works.

²⁰ The activities will be financed by HEAL and ongoing technical assistance. ADB. 2018. *Technical Assistance to the Philippines for Strengthening Social Protection Reforms*. Manila.

hospitals and 20 island LGU hospitals (including those in footnote 19). It will also provide the hospitals under outputs 1 and 2 with associated critical care equipment, including electrocardiography machines, defibrillators, and a critical care monitoring system. The project will train technicians and other staff on operation and maintenance (O&M) to ensure the sustainability of the ventilators and other critical care equipment. It will also train health workers to detect and prevent domestic gender-based violence, and provide psycho-social support to patients and families, including pregnant and vulnerable women affected by COVID-19.

C. Value Added by ADB

19. ADB helped the government to strengthen primary health care services through the Women's Health and Safe Motherhood Project in 1994–2002 and the Integrated Community Health Project in 1995–2005.²¹ In 2004, the Health Sector Development Program was approved to support the implementation of the 1999 Health Sector Reform Agenda.²² In 2009, ADB approved the Credit for Better Health Care Project to help upgrade health services of LGUs and facilitate private sector participation in health care.²³ The key lessons from these interventions are that health project designs need to (i) take into account the decentralized health system and its institutional arrangements for local health service delivery; and (ii) include public financial management support to strengthen project implementation, performance, and governance.

20. HEAL will provide targeted support to the health sector. It complements the recently approved \$1.5 billion COVID-19 Active Response and Expenditure Support Program,²⁴ which helps the government finance its fiscal response to COVID-19, including emergency cash grants to 18 million low income households and wage subsidies to employees of small businesses. It also complements the \$200 million Social Protection Support Project (Second Additional Financing), which provided more than 3.7 million poor households under the Pantawid Pamilyang Pilipino Program with emergency cash assistance to help them cope with the loss of livelihood because of the quarantine.²⁵ The model of the subnational pandemic reference laboratory established at JBL Hospital with the Asia Pacific Disaster Response Fund grant (para. 11 and footnote 13) will be replicated when constructing and equipping the two new BSL-2 laboratories under output 1. HEAL, together with the support of the laboratory establishment, is the start of the longer-term engagement to support DOH for rolling out the Universal Health Care reform.

21. In close partnership with development partners, research institutions, and the private sector, ADB will continue to support knowledge generation on epidemiological modeling, research and development, and technology-enabled solutions to help DOH refine and update its COVID-19 management strategy and interventions. For instance, ADB conducted a cost–benefit analysis of COVID-19 control options post ECQ jointly with national and overseas research institutions. The study recommended a stronger policy for testing, contact tracing, and isolation, combined with the application of minimum health standards, for a sustainable economic recovery process (footnote 11). The study methods were applied to the economic analysis of HEAL.

²¹ ADB. 2004. [Philippines: Women's Health & Safe Motherhood Project](#). Manila; and ADB. 2006. [Philippines: Integrated Community Health Services Project](#). Manila.

²² ADB. 2004. [Philippines: Health Sector Development Program](#). Manila.

²³ ADB. 2009. [Philippines: Credit for Better Health Care Project](#). Manila.

²⁴ ADB. 2020. [Philippines: COVID-19 Active Response and Expenditure Support Program](#). Manila. This program supports expenditures for case management, including the procurement of test kits, PPE, medication, and the compensation of health workers through PHIC. HEAL will complement the program through medium- to long-term investments, such as laboratory retrofitting and isolation facility establishments, and provision of equipment and PPE.

²⁵ ADB. 2020. [Philippines: Social Protection Support Project \(Second Additional Financing\)](#). Manila. ADB's assistance to the poor also included [a rapid response technical assistance grant for \\$5 million](#), which leveraged private sector donations to provide food baskets to up to 140,000 vulnerable families affected by COVID-19 in the NCR.

22. ADB will provide technical support to strengthen the health system reforms under the Universal Health Care Act.²⁶ The support aims to (i) upgrade the health information system with application and support regulatory frameworks to sustain private sector engagement in diagnosis, contact tracing, and equipment purchase; (ii) develop business processes and an information system for PHIC to strengthen its organizational capacity; and (iii) develop the Philippines Health Facility Development Plan to strengthen health facilities' capacities in line with the country's Universal Health Care goals.²⁷ ADB, through the Task Force T3 (para. 11), will continue to support the expansion of testing and contact tracing, and the local production of PPE. ADB is also supporting DOH to strengthen communication systems to manage COVID-19. The activities will complement HEAL in strengthening the health system in the long term.

D. Summary Cost Estimates and Financing Plan

23. HEAL is estimated to cost \$131 million, including taxes and duties, physical and price contingencies, administrative costs, and interest charges during implementation (Table 2). Detailed cost estimates by expenditure category and by financier are included in the project administration manual (PAM).²⁸ ADB will finance goods, civil works, equipment, consulting services, taxes, and duties.

Table 2: Summary Cost Estimates

| Item | Description | Amount (\$ million) ^a | Share of Total (%) |
|-----------|--|-------------------------------------|-----------------------|
| A. | Base Cost^b | | |
| 1. | Disease surveillance and diagnostic capacity upgraded | 41.05 | 31.34 |
| 2. | Infection prevention and control measures expanded | 46.03 | 35.14 |
| 3. | Treatment capacity for COVID-19 scaled up | 32.21 | 24.58 |
| | Subtotal (A) | 119.29 | 91.06 |
| B. | Contingencies^c | 6.21 | 4.74 |
| | Total without Financing Charges (A+B) | 125.50 | 95.80 |
| C. | Financing Charges During Implementation^d | 5.50 | 4.20 |
| | Total Cost (A+B+C) | 131.00 | 100.00 |

COVID-19 = coronavirus disease.

^a Includes taxes and duties (\$12.74 million) to be financed through the Asian Development Bank loan. Such amount does not represent an excessive share of project costs. Sub-total without financing charges is \$125.5 million including taxes and duties, physical and price contingencies, and in-kind contribution of \$500,000 as administrative costs.

^b In April 2020 prices.

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

^d Includes interest, commitment, and other charges on the Asian Development Bank loan.

Source: Asian Development Bank.

24. The government has requested a loan of \$125 million from ADB's ordinary capital resources to help finance HEAL. The loan will have a 29-year term, including a grace period of 8.5 years; an annual interest rate determined in accordance with ADB's London interbank offered rate-based lending facility; a commitment charge of 0.15% per year; and such other terms and conditions set forth in the draft loan agreement. Based on the straight-line method, the average maturity is 19 years, and the maturity premium payable to ADB is 0.20% per year.

²⁶ Official Gazette. 2019. *Republic Act No. 11223. An Act Instituting Universal Health Care for All Filipinos, Prescribing Reforms in the Health Care System, And Appropriating Funds Therefor*. Manila.

²⁷ ADB. 2020. [Technical Assistance for Regional Support to Address the Outbreak of Coronavirus Disease 2019 and Potential Outbreaks of Other Communicable Diseases](#). Manila; and Approved Direct Charges under the Urban Climate Change Resilience Trust Fund dated 11 July 2019.

²⁸ Project Administration Manual (accessible from the list of linked documents in Appendix 2).

25. The government will fund \$6.0 million, or 4.58% of the total project cost, to cover loan interest and charges of \$5.5 million and in-kind contributions of about \$0.5 million in the form of office space, counterpart staff time, and administration cost. The summary financing plan is in Table 3.

Table 3: Summary Financing Plan

| Source | Amount (\$ million) | Share of Total (%) |
|-----------------------------------|------------------------|-----------------------|
| Asian Development Bank | | |
| Ordinary capital resources (Loan) | 125.00 | 95.42 |
| Government | 6.00 | 4.58 |
| Total | 131.00 | 100.00 |

Source: Asian Development Bank.

E. Implementation Arrangements

26. DOH will be the executing agency and the implementing agency. It will set up a Project Management Team (PMT) that will manage, coordinate, and monitor performance according to the design and monitoring framework (Appendix 1). The 17 selected DOH hospitals will provide adequate space and qualified human resources to operate the medical equipment in the constructed laboratories and isolation wards and rooms. DOH will engage a technical support unit comprising individual consultants (health experts, an architect, engineers, a gender specialist, environmental safeguards specialists, a financial management specialist, a procurement specialist, and administration staff) to assist the PMT.

27. Given the urgency to receive the required goods, the current volatile global supply for COVID-19 medical equipment and consumables, and DOH's constrained human resources, DOH will engage a procurement agent to support the procurement of all medical equipment and goods in accordance with ADB's procurement policy. The contracting of a procurement agent will allow for cost savings through order consolidation, leading to economies of scale, and reduces the risks related to product quality, availability, and logistics. Furthermore, leveraging the capacity and expertise of the United Nations Office for Project Services (UNOPS) ensures value for money. DOH requested that the recruitment of UNOPS be delegated to ADB, while DOH will be responsible for contract negotiation, signing, and management.

28. Based on its procurement knowledge, capacity, and proven experience in rapidly sourcing and supplying medical equipment and goods through its Asia Regional Health Cluster, UNOPS will be engaged through direct contracting. UNOPS has solid expertise in the health sector, especially in undertaking global procurement and overseeing the construction of hospitals and health centers, with extensive experience in Asia. In the Philippines, UNOPS is currently building a hospital in the province of Leyte (Eastern Visayas region), giving it the necessary knowledge and understanding of the procurement required in similar medical facilities in the country. UNOPS has long-term agreements in place for medical equipment and vehicles, and preexisting relationships with other quality medical goods suppliers. Its database of prequalified manufacturers and suppliers, as well as pricing references for pharmaceutical and medical equipment purchased in the region ensure cost-effectiveness and provide UNOPS with a global procurement reach and up-to-date market knowledge of COVID-19 procurement constraints.

29. As regards the civil works at selected hospitals, their grouping into three packages covering Luzon, Visayas, and Mindanao, with individual lots through open competitive bidding (national advertisement), will provide procurement flexibility and allow work to be undertaken in parallel. As project activities are related to the COVID-19 response, universal procurement will

apply (footnote 18). The implementation arrangements are in Table 4 and detailed in the PAM (footnote 28).

Table 4: Implementation Arrangements

| Aspects | Arrangements | | |
|-------------------------------|---|---------------------------------|----------------|
| Implementation period | August 2020–July 2023 | | |
| Estimated completion date | 31 July 2023 | | |
| Estimated loan closing date | 31 January 2024 | | |
| Management | | | |
| (i) Oversight body | Department of Finance | | |
| (ii) Executing agency | DOH | | |
| (iii) Key implementing agency | DOH central | | |
| (iv) Implementation unit | DOH Project Management Team | | |
| Procurement | Direct contracting (procurement agent) | 1 contract | \$95.0 million |
| | Open competitive bidding, (national advertisement) | 3 contracts | \$21.4 million |
| Consulting services | Individual consultant selection (international expert) | 1 contract (20 person-months) | \$0.24 million |
| | Individual consultant selection (national experts) | 11 contracts (91 person-months) | \$0.89 million |
| | CQS for detailed design (firm) | 1 contract | \$1.0 million |
| Advance contracting | Advance action will be applied for consulting services, including recruitment of individual consultants and direct contracting of procurement agent. | | |
| Disbursement | The loan proceeds will be disbursed following ADB's <i>Loan Disbursement Handbook</i> (2017, as amended from time to time) and detailed arrangements agreed between the government and ADB. | | |

ADB = Asian Development Bank, CQS = consultants' qualifications selection, DOH = Department of Health.

Source: Asian Development Bank.

III. DUE DILIGENCE

A. Economic and Financial Viability²⁹

30. ADB estimates that the Philippines' gross domestic product (GDP) will contract between 2.3% and 5.3% in 2020 because of a significant fall in household spending and investment, down from an originally projected GDP growth of 6.2% for 2020.³⁰ In the short run, a health system overwhelmed by COVID-19 will have debilitating effects on human capital because of additional deaths and increased morbidities. HEAL is expected to augment the government's response to the COVID-19 pandemic by upgrading surveillance and diagnostic capacity, improving prevention and control measures, and boosting treatment capacity. Cost–benefit analyses on various post-ECQ scenarios show that the least costly measure is massive investment in tracing, testing, and isolation capacities (footnote 11). A cost-effectiveness analysis of HEAL, following ADB guidelines on economic analyses, shows that the cost per disability-adjusted life years is below the GDP per capita, making the intervention very cost-effective.³¹

B. Sustainability

31. While HEAL will have a high development impact, it is not a revenue generating project. The financial analysis included an assessment of DOH's capacity to pay for its total recurrent

²⁹ Economic and Financial Analysis (accessible from the list of linked documents in Appendix 2).

³⁰ ADB. 2020. *Asian Development Outlook Supplement (June 2020)*. Manila. The government projects that GDP will contract by 2.0%–3.4% in 2020.

³¹ Disability-adjusted life years is a measure of the overall disease burden, expressed as the number of years lost due to ill-health, disability, or premature death. WHO. 2016. [Cost Effectiveness Thresholds: Pros and Cons](#). Geneva.

costs, including the required incremental O&M expenditures for HEAL. DOH largely depends on the national budget for funding. An overall shortfall in DOH's internal budget allocation for O&M is expected. This risk will be mitigated by the ability of government hospitals to generate revenues to cover the additional O&M cost. These hospitals enjoy fiscal autonomy, which allows them to retain 100% of revenues generated for the improvement of health care services. This is on top of the budgetary allocation they receive from the National Treasury and subsidies from DOH in the event of shortfalls. Further, government hospitals, including DOH hospitals, supplement their budgetary allocations with reimbursements from PHIC. With PHIC's expanded coverage for COVID-19 testing, community quarantine, and in-patient care, these reimbursements will provide additional financing for the hospitals. To further mitigate the risk, the loan agreement will include a provision to ensure that DOH allocates sufficient budget and resources for O&M.

C. Governance

32. DOH has adequate financial management systems in place, including internal audits and a fully automated financial information system. Financial reporting is done on a regular basis. Accounting and auditing standards are in line with international standards. Nonetheless, ADB noted some significant weaknesses. First, in its frontline role of handling the health crisis, DOH may not be able to manage large-scale procurement of goods and works and mobilize adequate staff to implement the project. Second, of the total authorized staff positions in DOH, 24% have not been filled. Third, DOH has weak financial management capacity as evidenced by material misstatements and deficiencies in its financial reports. Finally, the internal control is weak because of the lack of an orderly storage system with adequate controls to safekeep procured materials. The financial management risk of HEAL was therefore considered to be *substantial*. The procurement risk of HEAL was assessed as *high*. DOH has limited experience in undertaking procurement in accordance with ADB's Policies and Regulations. Compounding these constraints, DOH is understaffed with existing staff resources extremely stretched by DOH's frontline role in the COVID-19 response. To mitigate this, DOH will (i) engage a procurement agent (para. 27) and implementation consultants such as a national financial management specialist and a procurement specialist as part of the technical support unit (para. 26) to support it; (ii) identify full-time focal persons within DOH and at the 17 selected subnational hospitals, who will oversee the implementation; (iii) conduct quarterly monitoring; and (iv) establish and roll out financial management arrangements through briefings and training.

33. ADB's Anticorruption Policy (1998, as amended to date) was explained to and discussed with the government and DOH. The specific policy requirements and supplementary measures are described in the PAM (footnote 28).

D. Poverty, Social, and Gender

34. **Poverty and social.** The government has made significant progress in reducing poverty from 23.3% of the population in 2015 to 16.6% in 2018, thanks to strong wage employment creation and sustained economic growth averaging 6.3% annually from 2011 to 2019. However, the COVID-19-related shocks and ECQ measures to contain the spread of the virus have resulted in job losses and a reduction in household incomes, including remittances from overseas, which will increase the incidence of poverty in 2020 and threaten to reverse the gains achieved in poverty alleviation. ADB estimates that unemployment in Luzon which may have peaked at 22% in June of 2020 could gradually decline to 9.6% by the first quarter of 2021, well above the pre-COVID-19 rate of 5.4% at the end of 2019. Similarly, the incidence of poverty could increase from 16.6% in 2018 to 20.7% in 2020. This equates to 5.5 million more Filipinos falling into poverty (footnote 24). Community quarantine was aimed at slowing the spread of the virus, giving the

government time to institute critical measures to step up public health security and health systems, while protecting the most vulnerable people such as young children, people with pre-existing conditions, and the elderly. Such measures, however, also tend to disrupt economic activities, which heavily affects the informal sector and the daily wage earners. Other anticipated consequences are negative coping behaviors that lead to domestic and gender-based violence.

35. **Gender.** HEAL is classified as *effective gender mainstreaming*. Women account for 75% of health workers in the Philippines. Key gender issues in the present context include (i) limited availability of data for a gender analysis of the COVID-19 situation; (ii) high infection risks for health workers because of insufficient PPE; (iii) mental health issues caused by increased financial and health burdens; (iv) less focus on maternal and child health services; (v) limited facilities and protocols for COVID-19 patients; and (vi) an increasing number of gender-based violence cases. Because of the COVID-19 situation, pregnant women are avoiding public health facilities. Peak-time critical COVID-19 cases require the full attention of about 21% of health workers and often exceed their regular workload.³² This also worsened the annual maternal death to 3,200 (26% higher than the pre-COVID-2019 level) and increased unplanned pregnancies, including among teenage girls.³³ HEAL will address these concerns by (i) providing PPE suited to both men and women, including menstrual hygiene products for women; ³⁴ (ii) increasing the capacity of health workers through training and communication activities; and (iii) ensuring that all new infrastructure and the national health and safety protocols are gender-sensitive.³⁵

E. Safeguards

36. In compliance with ADB's Safeguard Policy Statement (2009), the safeguard categories for HEAL are as follows.

37. **Environment (category C).** The installation of new isolation facilities in 12 DOH selected hospitals and 2 selected BSL-2 laboratories will require minor civil works on existing hospital compounds that may cause minimal adverse environmental impacts. Impacts will be highly localized and limited to a short construction period. A code of construction practice was prepared to guide environment and safety risk management during such works. The DOH PMT will include construction supervision and environment management experts. The project will also support the provision of hazardous waste treatment facilities (para.17). Further, all the PPE and consumables procured under the project will be utilized and disposed of in full compliance with good environmental practices.

38. **Involuntary resettlement (category C).** As stated in para. 37, HEAL will involve activities and minor civil works on existing hospital compounds that will not require any land acquisition or lead to any resettlement impacts.

39. **Indigenous peoples (category C).** HEAL will not have any direct or indirect impacts on the dignity, human rights, livelihood systems, or culture of indigenous peoples, or the territories or natural or cultural resources that indigenous peoples own, use, occupy, or claim as an ancestral domain or asset.

³² University of the Philippines – COVID-19 Response Team. 2020. [Estimating Local Healthcare Capacity to Deal with COVID-19 Case Surge: Analysis and Recommendations](#). Manila.

³³ United Nations Population Fund. 2020. [UNFPA in the Philippines launched the State of World Population Report and commemorated the World Population Day together with POPCOM](#). 10 July.

³⁴ HEAL will provide PPE in different styles and sizes to suit all staff, including pregnant women.

³⁵ New infrastructure will include access for people with disabilities and gender-responsive features such as breastfeeding rooms, family spaces, and separate toilets for men and women.

F. Summary of Risk Assessment and Risk Management Plan

40. Significant risks and mitigating measures are summarized in Table 5.³⁶

Table 5: Summary of Risks and Mitigating Measures

| Risks | Mitigation Measures |
|--|---|
| DOH's weak capacity may undermine its ability to effectively manage HEAL, monitor financial management arrangements, ensure fiduciary controls, and submit accurate and timely financial reports, especially in the context of increased funding to the health sector. | ADB will assist DOH in (i) establishing financial management arrangements and conducting training and workshops; (ii) identifying focal persons for HEAL; and (iii) engaging individual consultants to support compliance with ADB's financial management guidelines, fiduciary controls, and reporting requirements. |
| DOH's low absorptive capacity and disbursement performance may result in the reduction of agency budget and slow implementation of HEAL. | DOH will (i) mobilize a procurement agent for goods and (ii) closely supervise, monitor, and provide timely quarterly progress report on the implementation of capital investments, including COVID-19-related facilities. |
| DOH has weak procurement capacity and limited experience with ADB procurement policies and guidelines. | DOH will engage a procurement agent for the procurement of goods and the provision of technical support in preparing terms of reference, technical specifications, and bid evaluations. |
| Insufficient funds to cover project O&M (such as for health care facilities, subnational hospitals, and medical and laboratory equipment) may affect operational sustainability. | DOH will include adequate resources in its annual expenditure framework and budget request to the DBM and Congress. DOH already has systems in place to ensure budget allocation for subnational hospitals and its facility operations. |

ADB = Asian Development Bank, COVID-19 = coronavirus disease, DBM = Department of Budget and Management, DOH = Department of Health, HEAL = Health System Enhancement to Address and Limit COVID-19, O&M = operation and maintenance.

Source: Asian Development Bank.

IV. ASSURANCES

41. The government has assured ADB that the implementation of HEAL shall conform to all applicable ADB requirements, including those concerning anticorruption measures, safeguards, gender, procurement, consulting services, financial management, and disbursement as described in detail in the project administration manual and loan documents. The government has agreed with ADB on certain covenants for HEAL, which are set forth in the draft loan agreement.

V. RECOMMENDATION

42. I am satisfied that the proposed loan would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve the loan of \$125,000,000 to the Republic of the Philippines for the Health System Enhancement to Address and Limit COVID-19, from ADB's ordinary capital resources, in regular terms, with interest to be determined in accordance with ADB's London interbank offered rate (LIBOR)-based lending facility; for a term of 29 years, including a grace period of 8.5 years; and such other terms and conditions as are substantially in accordance with those set forth in the draft loan agreement presented to the Board.

Masatsugu Asakawa
President

13 August 2020

³⁶ Risk Assessment and Risk Management Plan (accessible from the list of linked documents in Appendix 2).

DESIGN AND MONITORING FRAMEWORK

| Impacts the Project is Aligned with | | | |
|---|--|---|--|
| (i) Access to enhanced COVID-19-related diagnostic and treatment services for all Filipinos improved (Bayan Bayanihan to Heal as One Act); ^a (ii) Health system performance in addressing public health outbreaks improved. (DOH National Objectives for Health) ^b | | | |
| Results Chain | Performance Indicators with Targets and Baselines | Data Sources and Reporting Mechanisms | Risks |
| Outcome Capacity of DOH to detect, contain, and treat COVID-19 cases strengthened | a. Average turnaround time from sample collection to test results reduced to not more than 48 hours by December 2020 (baseline as of 30 June 2020: 48–72 hours) b. The overall test positivity rate of COVID-19 confirmed cases reduced to 7% by December 2020 and to 5% by December 2023, disaggregated by sex and age group (baseline as of 23 July 2020: 8.7%) ^c c. Mortality rate from COVID-19 lowered to at least 2% by December 2020 and to 1% by December 2023, disaggregated by sex and age group (baseline as of 20 July 2020: 2.5%) ^c | a. Laboratory records b. DOH records c. Hospital records | COVID-19 pandemic delays deployment of medical equipment and construction at hospitals. |
| Outputs 1. Disease surveillance and diagnostic capacity upgraded 2. Infection prevention and control measures expanded | 1a. Number of government molecular laboratories conducting COVID-19 PCR testing increased to 40 by December 2021 (baseline as of 20 July 2020: 30) 1b. More than 50,000 COVID-19 tests conducted per day by the end of December 2020 (baseline as of 23 July 2020: 22,500) ^c 1c. At least 75% of staff (50% or more female) in each project-supported laboratory meet the National Laboratory Biosafety Competency Requirements, disaggregated by sex, by 2022 (July 2020 baseline: TBD) 2a. Health care workers in the project-supported hospitals record at least 90% utilization rate of PPE, and at least 75% of female staff reported receipt of appropriately sized PPE, ^{d, e} disaggregated by sex of health care worker, by May 2021 (baseline as of July 2020: TBD) 2b. Capacity of isolation wards increased to accommodate at least 100 patients, with gender-responsive design features, ^f disaggregated by sex and age, by May 2022 (July 2020 baseline: TBD) 2c. The percentage of health workers infected with COVID-19 reduced to less than 5%, disaggregated by sex, age, access to PPE, and pre-existing or higher-risk health conditions, by December 2020 (baseline as of 20 July 2020: 8.9%) | 1a. DOH and hospital records 1b. Laboratory records and results 1c. Laboratory biosafety training and assessment reports 2a. Hospital records of PPE inventory and use by employees 2b. Hospital records of bed use (regular wards and ICUs), community records 2c. Hospital records | Lack of local government support in mobilizing resources |

| Results Chain | Performance Indicators with Targets and Baselines | Data Sources and Reporting Mechanisms | Risks |
|--|--|--|-------|
| 3. Treatment capacity for COVID-19 scaled up | <p>2d. At least 75% of health care workers in obstetrics, pediatrics, and emergency departments of supported hospitals have increased awareness and knowledge on maternal and child health guidelines during public health outbreaks by June 2023 (2020 baseline: TBD)</p> <p>3a. Total number of fully functional ventilators nationwide increased to 2,500 by December 2020 (baseline as of 20 July 2020: about 2,000)^{c, g}</p> <p>3b. At least 75% of emergency, admission, and ICU health care workers have increased capacity to deliver psycho-social support to patients and their families during public health outbreaks, including pregnant women and disadvantaged people, by June 2023^h (2020 baseline: 0%)</p> <p>3c. At least 75% of health care workers in the emergency departments of project hospitals report increased knowledge and awareness of how to detect and support victims of gender-based violence by June 2023 (2020 baseline: TBD)</p> | <p>2d. Project training records, production, and distribution of communication leaflets</p> <p>3a. Hospital records of ventilator use</p> <p>3b-c. Hospital records and project progress reports</p> | |

| Key Activities with Milestones |
|--|
| <p>1. Disease surveillance and diagnostic capacity upgraded</p> <p>1.1 Procure COVID-19 testing kits, chemicals and reagents, PPE, CT scanners, and consumables (Q3 2020)</p> <p>1.2 Procure patient transport vehicles (Q3 2020)</p> <p>1.3 Distribute medical supplies to hospitals based on DOH's list of hospitals and needs assessments (Q3–Q4 2020)</p> <p>1.4 Procure equipment for 12 DOH hospital laboratories (Q3 2020)</p> <p>1.5 Complete inclusive design and commence bidding process for 2 laboratories (Q3 2020)</p> <p>1.6 Conduct minor construction or renovation of 2 laboratories (Q4 2020–Q2 2021)</p> <p>1.7 Deliver laboratory equipment to 12 DOH hospital laboratories (Q3–Q4 2021)</p> <p>1.8 Train technicians on National Laboratory Biosafety Competency Requirements (Q2–Q3 2021)</p> <p>2. Infection prevention and control measures expanded</p> <p>2.1 Procure gender-responsive PPE supplies (Q3 2020)</p> <p>2.2 Distribute PPE and supplies to hospitals (Q3 2020)</p> <p>2.3 Commence bidding for gender-responsive construction of isolation wards and waste treatment facilities in 12 hospitalsⁱ (Q3–Q4 2020)</p> <p>2.4 Award contract and commence design of planned facilities (Q4 2020)</p> <p>2.5 Construct or retrofit isolation wards at 12 DOH hospitals (Q4 2020–Q4 2021)</p> <p>2.6 Procure equipment and supply at the isolation wards and equipment for waste treatment (Q3 2021)</p> <p>2.7 Deliver equipment for isolation wards and waste treatment to the 12 DOH hospitals (Q4 2021–Q1 2022)</p> <p>2.8 Develop and conduct satisfaction survey for tracking appropriateness of PPE, training, and communication messages (Q4 2020–Q1 2021)</p> <p>2.9 Conduct training on maternal and child health guidelines for public health outbreaks (Q3 2020–Q2 2022)</p> <p>2.10 Conduct training on how to detect victims of gender-based violence (Q3 2020–Q2 2022)</p> <p>2.11 Develop and implement survey to measure increased knowledge and awareness of issues cited in items 2.09 and 2.10 (start, mid-point, and end of project)</p> <p>3. Treatment capacity for COVID-19 scaled up</p> <p>3.1 Procure ventilators (Q3 2020)</p> <p>3.2 Conduct training of respiratory technicians and staff to operate the ventilators and other equipment (Q3 2020–Q2 2021)</p> <p>3.3 Distribute ventilators and conduct regular equipment maintenance (Q3–Q4 2020)</p> <p>3.4 Develop and conduct training on psycho-social support (Q3 2020–Q2 2022)^j</p> |

| |
|--|
| <p>Project Management Activities</p> <p>Engage (through direct contracting) a procurement agent and recruit consultants (e.g., health specialist, financial management specialist, procurement specialist, engineers, architect, gender specialist, and safeguard specialists)</p> <p>Prepare and submit quarterly and annual progress reports</p> <p>Conduct inception and semiannual review missions</p> <p>Submit annual Audited Project Financial Statements</p> <p>Prepare the project completion report</p> |
| <p>Inputs</p> <p>Asian Development Bank: \$125 million (loan)</p> <p>Government: \$6 million</p> |
| <p>Assumptions for Partner Financing</p> <p>Not applicable</p> |

COVID-19 = coronavirus disease, CT = computed tomography, DOH = Department of Health, ICU = intensive care unit, PCR = polymerase chain reaction, PPE = personal protective equipment, Q = quarter, TBD = to be determined.

- ^a Official Gazette. 2020. *Republic Act No. 11469. An Act Declaring the Existence of a National Emergency Arising from the Coronavirus Disease 2019 (COVID-19) Situation and a National Policy In Connection Therewith, and Authorizing the President of the Republic of the Philippines for a Limited Period and Subject to Restrictions, to Exercise Powers Necessary and Proper to Carry Out the Declared National Policy and for Other Purposes*. Manila. The Bayanihan Law provides policies to speed up the response actions laid out in the National Action Plan for COVID-19. Government of the Philippines. 2020. *National Action Plan for COVID-19 in the Philippines*. Manila.
- ^b Restated from Government of the Philippines, DOH. 2020. [National Objectives for Health Philippines 2017–2022](#). Manila, which advocates the attainment of better health outcomes, a more responsive health system, and equitable health care financing.
- ^c **Contribution to the ADB Results Framework:** The indicator will assess, with data disaggregated by sex and age (i) OP1: Results framework indicator: people benefiting from improved health services or social protection by measuring health services established or improved; and (ii) OP 4: RFI: people benefiting from improved services in urban areas by measuring service providers with improved performance.
- ^d PPE utilization rate refers to the percentage of health workers properly wearing PPE at each facility. PPE will be available in styles appropriate for male and female staff of all sizes, including pregnant women.
- ^e A.J. Li. 2020. [How China's coronavirus healthcare workers exposed the taboo on menstruation](#). *South China Morning Post*. 28 February.
- ^f In this instance, gender-responsive design features would include breastfeeding rooms, family spaces, separate toilet, and shower facilities, among other features.
- ^g In addition to the Asian Development Bank, DOH and other organizations, such as the World Bank and United States Agency for International Development, are procuring ventilators.
- ^h In this instance, "disadvantaged" refers to "vulnerable persons or groups who are mostly living in poverty and have little or no access to land and other resources, basic social and economic services such as health care, education, water and sanitation, employment and livelihood opportunities, housing, social security, physical infrastructure, and the justice system" (RA 9710, also known as "The Magna Carta of Women", Section 4d).
- ⁱ Recognizing the need for inclusive quarantine facilities that support privacy between men and women, wherever possible.
- ^j Training will include gender-responsive health and safety protocols that will address the different needs and experiences of male and female health workers and laboratory technicians regarding personal hygiene, psychosocial well-being in times of extreme stress, nonviolent coping strategies, and services available for mental health support and to victims of domestic and gender-based violence.

Source: Asian Development Bank.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/RRPs/?id=54171-002-3>

1. Loan Agreement
2. Sector Assessment (Summary): Health
3. Project Administration Manual
4. Financial Analysis
5. Economic Analysis
6. Summary Poverty Reduction and Social Strategy
7. Risk Assessment and Risk Management Plan
8. Gender Action Plan

Supplementary Documents

9. Code of Construction Practice
10. Financial Management Assessment
11. Social Due Diligence Report
12. Summary of COVID-19 Support for the Philippines