

Ex-Ante Evaluation (for Japanese ODA Loan)

Southeast Asia Division 5, Southeast Asia and Pacific Department, JICA

1. Name of the Program

Country: The Republic of the Philippines ("the Philippines")

Program: COVID-19 Crisis Response Emergency Support Loan Phase 2

Date of Loan Agreement: April 25, 2022

2. Background and Necessity of the Program

(1) Current State and Issues of the Response to COVID-19 and Priority of the Program in the Philippines

In the Philippines, the number of new cases of the novel coronavirus ("COVID-19") has been increasing since the confirmation of the first case in January 2020. As of March 14, 2022, approximately 3.67 million people have been infected and about 50,000 people have died in total. Among the South East Asian countries, the Philippines has the second highest case number after Indonesia.

To contain and decrease the spread, the Government of the Philippines has been ordering nationwide community-based isolation measures intermittently since March 2020 to restrict outings and travel. These isolation measures have put significant limitations on the country's economic and social activities, resulting in a great economic downturn. As a result, the real GDP growth rate for 2020 was -9.6%, which was the largest drop since statistics were first recorded in 1947.

In response to this situation the Government of the Philippines announced a crisis response package totaling about 1.74 trillion pesos to implement economic measures to create employment and maintain economic growth. To secure the finance for these crisis response measures, JICA provided financial support of 50 billion yen in the form of co-financing scheme with the COVID-19 Active Response and Expenditure Support Program (CARES) implemented by the Asian Development Bank ("ADB"). Despite such measures, COVID variants began to enter the country at the beginning of 2021, causing infections to keep expanding and hindering economic recovery. At the end of March 2021, new cases began to decrease, and the real GDP growth rate is now showing a slow recovery trend. However, it still has not reach the pre-COVID-19 level.

Under these circumstances, although the Government of the Philippines worked on comprehensive taxation system reform aiming to streamline the taxation system and increase revenue, state finances resulted in a fiscal deficit of 7.6% of GDP in 2020 and 8.61% of GDP in 2021 with an increased deficit due

to the decreased revenue caused by COVID-19 and increased expenditure for COVID-19 response measures including infection prevention. While the Government has been expecting deficit reduction since last year based on the post-pandemic economy recovery, the 2022 budget deficit is predicted to be 7.5% of GDP. In response to this prediction the Government plans to arrange financing of 2.47 trillion pesos (approximately 5.54 trillion yen) to cover the deficit in the FY2022 budget bill. Among the 2.47 trillion pesos (approximately 5.54 trillion yen), the Government plans to finance 126.7 billion pesos (about 283.8 billion yen) from program loans by donors. At the same time, the Government requested financial support from the Japanese government in March 2021, and the COVID-19 Crisis Response Emergency Support Loan Phase 2 ("Program") is expected to be used as 2022 general government budget.

The Government of the Philippines is focusing its efforts to develop the COVID-19 prevention system by formulating the Philippine National Deployment and Vaccination Plan for COVID-19 Vaccines ("NDVP") as its national COVID-19 response plan in January 2021 and forming the interagency National Coordination Committee for NDVP implementation and coordination. NDVP includes sourcing of vaccines. For this, the Government has a financial arrangement plan in place for vaccine purchases as its 2021 goal, owing to loans from international agencies such as the ADB and the World Bank. Meanwhile, however, there is a limit to how much vaccine can actually be secured. Taking into consideration the forecast that the supply of the secured vaccines will be gradual, creation and implementation of the inoculation plan requires: prioritization among individuals who receive vaccines based on the risk of developing severe symptoms, disability status, and the medical service system, and deciding who should receive vaccines based on the latest situation and information including increased vaccinations of the younger age group. NDVP also mentions the importance of creating a cold chain management system to appropriately carry and store procured vaccines across the country and administer them effectively and safely. Arrangement of the vaccine-related cold chain material and equipment as well as development of a logistics system are urgent tasks. Furthermore, in the area of viral testing in the country, although the Department of Health ("DOH") is implementing measures such as improvement of the PCR testing system, insufficient capabilities in processing of mass testing, cooperation between regional and central testing rooms, risk assessment, and infection containment measures have surfaced problems in the infection testing

and early warning systems. It is therefore important for the Government of the Philippines to implement policies to address issues related to COVID-19 response system development.

With the situation described above as the background, this Program will be implemented in the Philippines, where COVID-19 is spreading, in order to contribute to the country's recovery, stability, and promotion of sustainable development by supporting, through financial aid, the government's promotion of its policies regarding the COVID-19 prevention measures including increase in vaccinations and viral testing.

(2) The Cooperation Policy of the Japanese Government and JICA with Respect to COVID-19 Response and Positioning of the Program (Particularly in Relation to Key Diplomatic Policies Such As Free and Open Indo-Pacific (FOIP))

Japan's Country Development Cooperation Policy for the Republic of the Philippines (April 2018) identifies "strengthening a foundation for sustainable economic growth" and "ensuring human security for inclusive growth" as two of the priority areas. The policy focuses on bolstering the underpinnings for sustainable economic growth. It also focuses on overcoming vulnerabilities to various risks such as infectious diseases that impact the poor in particular, and stabilizing and fortifying the foundations of people's lives. Also, the JICA Country Analysis Paper for the Philippines (July 2020) states that timely assistance is necessary to support the country's finances and healthcare sector, stressing the need to support as much as possible the efforts of the Government of the Philippines to tackle the COVID-19 pandemic crisis. Furthermore, JICA's "Initiative for Global Health and Medicine" and "Global Agenda (Health and Medicine)" both promote spreading of COVID-19 vaccines in collaboration with COVAX Facility, which is an international framework for distributing COVID-19 vaccines equally to boost protection. The Program is consistent with the policies and analysis described above. In addition, stable and sustainable development of the Philippines plays a part in ensuring the stability and peace of the Indo-Pacific region, thus contributing to peace and stability in FOIP.

(3) Responses of Other Aid Agencies

In response to the COVID-19 crisis, in 2020, the ADB has already approved the Countercyclical Support Facility COVID-19 Pandemic Response Option (CPRO), a 20-billion-dollar global emergency aid package. Of which, a 1.5-billion-dollar development aid loan for the Philippines was approved under the CARES

program. The ADB also approved in March 2021 the Second Health System Enhancement to Address and Limit COVID-19 as a 400-million-dollar loan agreement with the Philippines through the Asia Pacific Vaccine Access Facility (APVAX), which was established in December 2020 for the purpose of supporting quick and fair vaccination procurement and provision. In March 2021, the Asian Infrastructure Investment Bank (AIIB) also spent 300 million dollars as a co-financer to this loan program. The World Bank approved in April 2020 the Third Disaster Risk Management Development Policy Loan (500 million dollars), a development policy loan to support the ability to recover from disasters including COVID-19 and, in response to emergency needs from the healthcare sector, it also approved the Philippines COVID-19 Emergency Response Project (100 million dollars) to help with purchasing medical materials and equipment and increase capabilities of research institutes. In March 2021, it approved the Philippines COVID-19 Emergency Response Project Additional Financing (500 million dollars) as an additional loan to the emergency response project in order to support programs implemented by the Government of the Philippines, including procurement and supply of COVID-19 vaccines, strengthening of the medical system, and support for the poor.

3. Program Outline

(1) Program Objective(s)

The objective of the Program is to support the Government's emergency response against COVID-19 crisis to promote infection prevention measures, through providing budget support, thereby contributing to promote the economic stabilization and development efforts of the Government of the Philippines..

(2) Project Site/Target Area

The entire Philippines

(3) Beneficiaries of the Program (Target Group)

All citizens of the Philippines

(4) Program Content(s)

This Program is designed to provide financial support to the Government of the Philippines based on the policy matrix (Annex 1) consisting of the four areas agreed on with said Government: (1) NDVP, (2) procurement and administration of vaccines, (3) improvement of the inoculation environment (development of a cold chain for vaccines and waste management), and (4) strengthening of the viral testing network. Loans are planned to be divided into two tranches in accordance with the goal of individual policy actions. For 1st Tranche,

formulation of omnibus guidelines consisting of policies and detailed rules on vaccination, including updating of the list of individuals subject to inoculation in 2022, is set as the priority criteria (Prior Actions). For Tranche 2, two policy actions serve as the trigger indicators: vaccination of 12.5% of the national population with the subject COVID-19 vaccine (specified by the N/V and E/N), and signing of the R/D for the basic plan for strengthening of the viral testing network, to which JICA provides technical cooperation.

(5) Estimated Program Cost (Loan Amount)

30,000 million yen

(6) Schedule

The start time of financial support in this Program has been set to January 2021, when the NDVP, the national COVID-19 response measure of the Government of the Philippines, was formulated. Note that, JICA has updated the status of the progress of COVID-19 measures in June 2021 according to hearing from the Philippine side.. Goals that have already been achieved are summarized as "Actions completed by June 2021" in the Annex. Among remaining goals to be achieved, the target timing of achieving the diverse policy action goals is set to December 2021 and March 2022 respectively for each tranche. A 15-billion-yen loan will be provided for each tranche. Tranche 1 will be provided after meeting of the priority criteria (Prior Actions) are confirmed, and Tranche 2 will be delivered after completion of the policy actions, which is the trigger criterion, is confirmed. The Program will be completed upon loan disbursement (scheduled for September 2022). As for other achievement indicators, we will monitor until October of the target year, which is 2024.

Calendar year	2021				2022				2023				2024			
Program subject to support																
Lending						▲	▲									

The ▲ symbol shows execution of lending

(7) Program Implementation Structure

- 1) Borrower: The Government of the Republic of the Philippines
- 2) Guarantor: None
- 3) Executing Agency: Department of Finance

DOF is the implementing agency of this Program, and JICA monitors the Program. It implements the Program through collaboration with relevant

ministries and agencies such as DOH. JICA requests DOF report submission quarterly until the time set for goal indicator achievement (October 2024).

(8) Collaboration and Sharing of Roles with Other Donors

1) Japan's assistance activities:

In Phase 1 of this Program, "COVID-19 Crisis Response Emergency Support Loan" (L/A: July 2020; approved amount: 50 billion yen), JICA co-financed the loan with the CARES program (term of cooperation: April 2020–December 2021; approved amount: 1.5 billion dollars), the ADB's developmental policy loan, supported the emergency crisis response package implemented by the Government of the Philippines, and provided financial support for emergency support for vulnerable groups and individuals through, for example, cash handout to 18 million poor households, spending on health insurance, purchasing of medical material and equipment, and benefits to medical professionals.

2) Other donors' assistance activities:

Continuing from Phase 1, Phase 2 is also Co-finance program with the ADB. It will also continue to be a part of the information sharing framework jointly established with the ADB during Phase 1. Although JICA will monitor the Program, by continuously joining this information sharing framework where the progress of crisis responses, including the implementation status of measures in the COVID-19 and health areas, is checked and conversations take place with relevant agencies of the Government of the Philippines, JICA will talk with and exchange information with the ADB and these agencies to create synergetic effects in the support for promoting the COVID-19 response measures.

(9) Environmental and Social Consideration / Cross-Cutting Issues / Category of Gender

1) Environmental and Social Consideration

① Category: C

② Reason for This Categorization: The Program is likely to have minimal adverse impact on the environment under the JICA Guidelines for Environmental and Social Considerations (released in April 2010).

2) Cross-cutting Issues:

Anti-poverty measures and consideration of poverty: In NDVP, which is the foundation of the vaccination plan this Program supports, the elderly and the poor are vaccination priority groups after medical professionals. Therefore,

this Program contributes to limiting the increase of poor households predicted during crises.

3) Gender Classification: GI (S) (Gender Informed (Significant))

<Description of activities and reason for classification>

In the vaccination plan by the Government of the Philippines, which this Program supports, vulnerable individuals including women are in the vaccine priority group.

(10) Other Important Issues: None in particular

4. Targeted Outcomes

(1) Quantitative Effects

1) Outcomes (Operation and Effectiveness Indicators)¹

Indicator	Baseline (Measured in June 2021)	Target (October 2024)
Vaccination for the targeted population (especially poor people, indigenous people, people with disabilities etc.) according to the priority vaccination plan of the NDVP ²	1.0%	60% ³
Strengthening the End-to-End supply chain and cold chain logistics management for vaccination program through the achievement of the Cold Chain equipment projects	N/A	Cold Chain Material and Equipment Arrangement Program Plan ⁴ 100%

Notes:

1. Indicators are unique to JICA (different from the ADB's indicators)

2. Vaccines subject to this indicator are all brand name COVID-19 vaccines

3. A new target set for this Program taking into account the population subject to vaccination and the vaccine avoidance rate

4. A plan for arranging cold chain material and equipment provided through JICA technical cooperation and grant-aid programs

(2) Qualitative Effects

Curbing of the spread of COVID-19, strengthening of a testing facility network to monitor, detect, and respond to infections, and recovery and stability of social

and economic activities inside the Philippines

(3) Internal Rate of Return

The internal rate of return is not calculated since this Program falls under the category of Program Loans.

5. External Factors and Risk Control

Measures toward containment of COVID-19 are maintained globally, and rapid deterioration of the situation is avoided across the world.

6. Lessons Learned from Past Programs

The ex-post evaluation of the program "Post Disaster Stand-by Loan" for the Philippines (FY2017) notes that more effective policy improvement and reform can be achieved if the implementing agency pushes relevant agencies to commit more in the planning and implementation phases and if a JICA program such as technical cooperation for relevant techniques is implemented concurrently when creating a policy matrix. Also, the ex-post evaluation of a grant-aid program for Indonesia called "The Project for Improvement of Animal Health Laboratories for Diagnoses of Avian Influenza and Other Major Diseases of Animals" points out that delays in arrangement of necessary personnel by the Indonesian Government led to a delay in the commencement of facility operation. Learning from the lessons above, this Program involved relevant agencies in the project formulation and encouraged DOF, which is the implementing agency, so that it could make close coordination with relevant agencies. Also, existing and new technical cooperation programs and grant aid programs will be carried out to support full execution of policy actions, and there will be in-depth discussions with the Government of the Philippines to ensure smooth arrangement of necessary equipment and personnel with respect to vaccination. By doing so the Program aims to secure the viability of the policy goal, which is promotion of the vaccination plan.

7. Evaluation Results

This Program is consistent with the development issues and policies of the Philippines as well as Japan and JICA's cooperation policies and analysis. Through the financial aid by joint-lending with the ADB, the Program aims to promote policies by the Government of the Philippines such as COVID-19 infection prevention measures and will help with social and economic recovery and stability and promotion of sustainable development of the Philippines.

Since the Program is considered to contribute to achievement of Goals 1 (No Poverty), 3 (Good Health and Well-being), and 8 (Decent Work and Economic

Growth) of the SDGs, the importance of supporting the implementation of this Program is high.

8. Plan for Future Evaluation

(1) Indicators to be Used in Future Evaluation

They are described in Section 4.

(2) Future Evaluation Schedule

There will be ex-post evaluation two years after completion of the Program.

End

Attachment:

COVID-19 Crisis Response Emergency Support Loan Phase 2 Policy Matrix
Map of Philippines

COVID-19 Crisis Response Emergency Support Loan Phase 2 Policy Matrix

Support areas	Actions completed (June 2021)	Policy action for 1 st Tranche	Policy action for 2 nd Tranche	Policy action by October 2024
<u>A.Development of National Deployment and Vaccination Plan for COVID-19 Vaccines</u>	<ul style="list-style-type: none"> ● Formulation of National Deployment and Vaccination Plan(NDVP) A-1 Development of NDVP ● The government has Established Multi-sectoral national organizational structure for the COVID-19 response, based on WHO VIRAT 2.0 A-2 Designation of National Coordination Committee A-3 Designation of Technical Working Group and Sub-Technical Working Group 	<ul style="list-style-type: none"> ● Updating of NDVP A1 <u>Release “Omnibus Guideline” (OG) on The Philippine National Deployment and Vaccination Plan for COVID-19 Vaccines (target: December 2021)</u> 		
<u>B. Vaccine Procurement and Inoculation</u>	<ul style="list-style-type: none"> ● Vaccine procurement B-1 Signing of a contract with vaccine manufacturers to secure vaccines for 70 million people in FY 2021 based on the original NDVP 		<ul style="list-style-type: none"> ● Promotion of administering the eligible vaccines B1 <u>Complete inoculation of the eligible COVID-19 vaccine* equivalent to 12.5% of national population (completed second doses)(target: March 2022)</u> 	<ul style="list-style-type: none"> ● Promotion of vaccination B2 Complete inoculation of the COVID-19 vaccine equivalent to 60.0% of national population (completed second doses)
<u>C. Establishment surrounding environment for vaccination (Cold chain supply, Last-one-mile delivery and Waste Management)</u>	<ul style="list-style-type: none"> ● Preparation for cold chain management and logistics to the end C-1 Signing the contract with private companies that provide cold chain management and logistics to the end ● Preparation for waste management of COVID-19 vaccine C-2 Preparation of A Health Care Waste Management Framework and Updating health care waste management manual 			<ul style="list-style-type: none"> ● Improvement of transportation and the cold chain C1 Strengthen the End-to-End supply chain and cold chain logistics management for vaccination program through the achievement of Cold Chain equipment projects(“Support to

	C-3 Signing the contract with providers to offer Treatment, Storage, and Disposal (TSD) of medical wastes ● Vaccination C-4 Formulation for vaccination priority plan			the Philippines COVID-19 Vaccination Cold Chain and Logistics project (JICA-TCP)” and “the Program for COVID-19 Crisis Response Emergency Support (JICA-Grant)” related)
<u>D. Strengthening the infectious disease testing network</u>	● Strengthening of the capacity of laboratory-based surveillance system for responding to the infectious disease D-1 Agreement on Technical cooperation between GOP and GOJ (Embassy’s Note No. 325-21 dated 19 May 2021.) was concluded.		● Strengthening of the infectious disease testing network D1 Formulate the basic plan for “Project for Strengthening the Philippine National Health Laboratory Network for Infectious Diseases” (JICA-TCP related)(target: <u>February 2022</u>)	● Enhancement of the medical care system for treating infection D2 Gap analysis of vulnerabilities and formulation of countermeasures through the detailed planning survey for “Project for Strengthening the Philippine National Health Laboratory Network for Infectious Diseases” (JICA-TCP related) D3 Implement the training and workshops for strengthening biosafety (JICA-TCP related)
Note: Vaccine specified for Indicator B1 must be the one specified by the N/V and E/N				

