



A Scoping Study on the Asian Infrastructure Investment Bank's COVID-19 Loan to the Philippines

November 2020



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AUTHOR

Alvic Padilla

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Introduction

The Philippine government signed a loan agreement with the Asian Infrastructure Investment Bank or AIIB on 5 June 2020. The USD750 million loan was secured to raise money for government's responses to mitigate the worsening health and socioeconomic impacts of COVID-19 pandemic to millions of Filipinos.

The Department of Finance reported on its website that USD9.9 billion worth of loans have so far been secured to finance government's COVID-19 response,¹ including the one from AIIB. The new borrowings allow government to finance urgently needed public services but they also increase the country's debt burden which will eventually be shouldered by the Filipino people.

Transparency and accountability on COVID-19 loans are crucial because any misuse, abuse, or wastage will have dire human and social consequences. While borrowings are not necessarily detrimental, and may even be necessary in some situations, prudent debt management is important



A community leader (right) uses a megaphone to remind buyers and sellers to observe physical distancing in an open area in Manila in this photo taken in November 2020.

¹ As of 2 October 2020 according to Department of Finance <https://www.dof.gov.ph/data/fin-agreements/>

to ensure that the people most affected by the pandemic will not bear the burden of servicing these debts.

Citizens' monitoring of these loans will help ensure that the loan proceeds are spent in the most effective, efficient, and timely manner. It is also essential to monitor the impacts of servicing these debts in tax and budget policies in the long-term and to engage government into taking fiscal measures that will promote sustainable, equitable, and adequate financing for development. The scoping study is undertaken to support civil society organizations (CSO) to undertake citizens' monitoring of COVID-19 loans by raising awareness on policy, institutional and operational underpinnings of the COVID-19 loans in general, and the AIIB loan in particular. The study seeks:

- To deepen the understanding of COVID-19 response financing, specifically the AIIB Covid-19 loan;
- To map out the institutional arrangements and determine key decision makers involved in the allocation, release, and utilization of AIIB Covid-19 loan;
- To determine the extent by which all AIIB Covid-19 loan proceeds utilization and the results thereof are recorded and publicly reported;
- To identify process and/or policy gaps that need to be addressed to strengthen transparency, accountability, and people's participation in the loan utilization.

The structure of the report starts with a discussion on the socioeconomic imperatives and fiscal impacts of COVID-19 financing followed by a review of the details of the AIIB loan agreement and the COVID-19 Active Response and Expenditure (CARES) program which the loan is funding. This is followed by a preliminary tracking of the budgetary allocation and utilization of COVID-19 financing. The succeeding two sections review the program terms and mechanisms to ensure responsiveness to gender concerns and CSO participation. The report concludes with recommendations to CSOs in undertaking citizens' monitoring of COVID-19 financing.



This man has decided to put on a used but nevertheless clean plastic water container on his face to serve as a piece of improvised protective gear after a temporary shortage of face masks during the first few weeks of the lockdown in Mandaluyong City, Metro Manila.

COVID 19: Overview of immediate socioeconomic impacts

The novel coronavirus disease (Covid-19) had — and continues to have — far-reaching social and economic effects on the Philippines.

After the country confirmed its first Covid-19 case on January 30, 2020, infected patients have risen to seven in March 9.

At that time, the rate of infection doubled every three to four days, prompting authorities to help slow the rate of infection or “flatten the curve” by imposing an enhanced community quarantine on March 15 in Metro Manila.²

One day later, authorities enforced a lockdown on the whole island of Luzon, which accounts for 56 percent of the country’s population and contributes 73 percent to the country’s Gross Domestic Product.³

By April 15, Covid-19 cases already increased to 5,453, with 349 already dead from the disease. During this time, rate of infection doubled every seven days, longer than the previous infection rate in March.⁴

These cases nevertheless overwhelmed the Philippines’ health system, which, at that time, had difficulty tracking the virus because the government’s testing capacity was only 450 a day.⁵

As of April 14, a total of only 33,816 Covid-19 tests have been conducted.⁶

Authorities also had to beef up Covid-19 treatment services, which were limited by a shortage of hospital beds (1 for every 984 people), doctors (1 for every 2000 people), and ventilators (unofficial estimates of which were at 1500 units nationwide, with 500 in the National Capital Region).

Only 2.2 critical care beds with ventilators are available for every 100,000 people in the Philippines.⁷

Compared to its regional counterparts, medical services offered by the Philippines is lower than Indonesia with 2.7 critical care beds with ventilators for every 100,000 people, 3.4 in Malaysia, 11.4 in Singapore, and 10.4 in Thailand.⁸

To improve treatment services for Covid-19, three major NCR hospitals — UP-PGH, Lung Center of the Philippines, and the Jose Rodriguez Memorial Hospital — were designated as exclusive hospitals for coronavirus cases in March. The designation was intended to free up additional capacity for non-Covid-19 patients in other hospitals.⁹

To further strengthen its capacity to address Covid-19, the Department of Health imported personal protective equipment, whose stocks were rapidly being depleted because health workers used 30

² <https://www.adb.org/sites/default/files/project-documents/54138/54138-001-rrp-en.pdf>

³ <https://www.neda.gov.ph/we-recover-as-one/>

⁴ <https://www.adb.org/sites/default/files/project-documents/54138/54138-001-rrp-en.pdf>

⁵ Ibid

⁶ Ibid

⁷ Ibid

⁸ Ibid

⁹ <https://www.cnnphilippines.com/news/2020/3/20/Lung-Center-Jose-Rodriguez-Memorial-Caloocan-COVID-exclusive-hospitals-DOH.html>

sets of PPEs a day to examine each Covid-19 case and each person suspected of contracting the virus.

By early April, 15,000 PPEs had arrived as part of a first batch of one million PPEs, the Department of Health said.¹⁰

The lockdown, which was intended to curb the spread of the virus, resulted in economic contraction in March and April, the first two months of the quarantine.

With practically everyone staying at —and working from — home, business activity slowed, affecting operations, production, and revenues of companies both big and small.

Micro, small, and medium enterprises (MSMEs) were among the sectors that bore the brunt of the community quarantine.¹¹

Since MSMEs comprise 63% of the country's employment among registered establishments in 2018, the Asian Development Bank or ADB was prompted to predict that the unemployment rate in Luzon would increase from 5.3% in October 2019 to 22% in second quarter of 2020, resulting in the joblessness of an additional 4.3 million people. By the fourth quarter of 2020, unemployment was expected fall to 12.4% and was expected to settle at 9% by June 2021, the ADB added.¹²

Ever since the lockdown was announced, some 436,000 small businesses have temporarily closed, another 1,000,000 have been operating on a skeletal workforce, and only 117,666 small businesses have remained open.¹³

As of April 12, 2020, data from the Department of Labor and Employment (DoLE) indicated that a total of 1.19 million workers in the education, manufacturing, and hotel, restaurant, and tourism-related sectors were affected by the lockdown, according to the IATF-We Recover As One Program.¹⁴

As a result, the unemployment rate in April 2020 reached 17.6 percent, indicating that 7.2 million Filipinos of working age were jobless.¹⁵

Similarly, due to the extended lockdown, factory production slumped to a record low in April as the lockdown prevented manufacturers from operating at full capacity.

Companies that were allowed to partially resume operations during the lockdown employed fewer people, while firms whose factories remained closed had to lay off "large numbers," a BusinessWorld report said.¹⁶

The BusinessWorld report reflected the results of the Inter-Agency Task Force Technical Working Group for Anticipatory and Forward Planning (IATF-TWG for AFP) that was released in May 2020.

The IATF-TWG for AFP report entitled We Recover as One provided, among others, estimates and surveys based on a 45-day lockdown.

Based on several rapid assessments and surveys, the report said that agriculture incurred direct losses of P94.3 million. Meanwhile, the industry, services, and tourism sectors incurred foregone revenues worth P37.932 billion, P86.291 billion, and P60.250 billion, respectively.¹⁷

⁹ <https://www.cnnphilippines.com/news/2020/3/20/Lung-Center-Jose-Rodriguez-Memorial-Caloocan-COVID-exclusive-hospitals-DOH.html>

¹⁰ <https://www.doh.gov.ph/doh-press-release/FIRST-BATCH-OF-1M-PROCURED-PERSONAL%20PROTECTIVE-EQUIPMENT-SETS-ARRIVES-IN-THE-COUNTRY>

¹¹ <https://www.adb.org/sites/default/files/project-documents/54138/54138-001-rrp-en.pdf>

¹² *Ibid*

¹³ *Ibid*

¹⁴ <https://www.neda.gov.ph/we-recover-as-one/>

¹⁵ <https://psa.gov.ph/content/employment-situation-april-2020-0>

¹⁶ <https://www.bworldonline.com/manufacturing-pmi-falls-to-record-low/>

¹⁷ <https://www.neda.gov.ph/we-recover-as-one/>

Budgetary impact of Covid -19 pandemic

Less than a month after the first lockdown was imposed in the country, the government released the Philippine Program for Recovery with Equity and Solidarity or PH-PROGRESO¹⁸ which contained the Duterte Administration's response plan to the COVID-19 pandemic.¹⁹ It is important to review the document as it sets out the key programs and activities that are meant to be partially financed by COVID-19 loans.

PH-PROGRESO consists of four pillars to be implemented in three phases — Emergency Stage (March to May 2020), Recovery Stage (June to December 2020), and Resiliency Stage (2021 onwards).²⁰ It is a work in progress and the elements of the plan, including fiscal responses, are in various stages of implementation.

Pillars 1 and 2 of PH-PROGRESO consists of health, social protection, and economic relief measures critical to combating the adverse social and economic impacts of the pandemic. They are meant to be delivered during the emergency and recovery stages.

Pillar 1 offers several forms of economic support such as emergency subsidies, cash and credit assistance which are directed to either specific vulnerable individuals — like affected workers, farmers and OFWs — or intended for micro-, small- and medium-enterprises (MSME). The

PH-PROGRESO consists of four pillars to be implemented in three phases — Emergency Stage (March to May 2020), Recovery Stage (June to December 2020), and Resiliency Stage (2021 onwards).

estimated cost of implementing this package of support programs is **PhP595.616 billion**.

An emergency subsidy program targeting 18 million low-income families is the costliest of these measures, followed by the extension of NOLCO (Net Operating Loss Carry-Over) to five years (from the current three), which is a form of a tax break. While NOLCO does not require a cash outlay, it will nonetheless cost government PhP139 billion in foregone tax revenues. This measure requires Congressional approval and is incorporated in the Corporate Recovery and Tax Incentives for Enterprises or CREATE bill that is currently pending approval in the Senate. Also included in this program is Php254 million worth of rapid emergency supplies provision that will be funded out of a grant from the Asian Development Bank (ADB).

¹⁸ Department of Finance. (2020). 'PH-PROGRESO We Will Rise as One.' Retrieved from <https://www.dof.gov.ph/wp-content/uploads/2020/05/We-Will-Rise-As-One-brochure-as-of-May-17-2020.pdf>

¹⁹ The PH PROGRESO document available at DoF has been updated several times. The version quoted here is dated 17 May 2020. While this is being written, an updated version was released dated 30 October 2020.

²⁰ Chua, K. (2020). PH PROGRESO Turning the crisis into an opportunity [PowerPoint slides]. Retrieved from https://www.neda.gov.ph/ph-progreso-ph-program-for-recovery-with-equity-and-solidarity-05-14/economic-recovery-program-v9-short-for-sulong_1589436221/

Table 1. PH PROGRESO Pillar 1 (17 May 2020 version)

PILLAR 1: Emergency support for vulnerable groups and individuals	In PhP million
Emergency subsidy program for 18 million low-income families	205,000.00
Proposed net operating loss carryover (NOLCO) of five years to help business cope with losses	139,596.10
Credit guarantee for affected small business to access bank financing during the crisis situation	120,000.00
Wage subsidy program for employees of small businesses to incentivize retention of workers	51,000.00
Additional LGU assistance to support vulnerable sectors	36,000.00
DA and DTI rice programs to increase productivity and boost buffer stock	16,500.00
Landbank loan program for LGUs to increase their emergency funding	10,000.00
DOLE cash assistance program to support affected formal workers	3,247.00
DA cash assistance program to rice farmers	3,000.00
TESDA free online courses to upskill workers	3,000.00
DA-ACPC loan assistance for marginalized farmers and fisheries production	2,500.00
DOLE cash assistance program to support displaced OFWs	1,500.00
DTI loan program for MSMEs for enterprise development training and livelihood kits	1,203.00
SSS assistance to cover unemployment benefits	1,200.00
DOLE program that creates minimum-wage jobs for displaced informal workers	1,146.00
Tax expenditure for tax payment extension	470.00
ADB rapid emergency supplies provision grant	254.00
PILLAR 1	595,616.10

Source: DoF PH PROGRESO 17 May 2020 accessed from <https://www.dof.gov.ph/the-4-pillar-socioeconomic-strategy-against-covid-19/>

Measures to strengthen the health system's capacity to combat COVID-19 are grouped in Pillar 2. Financial support to PhilHealth to cover insurance of COVID-19 patients corners the biggest allocation. This is followed by procurement of medical supplies and equipment

— personal protective equipment (PPEs), test kits, ventilators, etc. — by the DOH and other government agencies. Health personnel support include additional compensation, special risk allowance, and medical coverage for health workers.

Table 2. PH-PROGRESO Pillar 2 (17 May 2020 version)

PILLAR 2: Marshalling resources to fight COVID-19	In PhP million
PhilHealth subsidy on medical expenses coverage for all COVID-19 patients and healthcare workers, in case of exposure to COVID-19 or any work-related injury or disease during the emergency	22,185.60
Other medical supplies (ex., Intensive Care Unit and isolation beds and ventilators)	11,962.50
Procurement of PPEs by the DOH and other government agencies	10,933.70
World Bank loan for COVID-19 Emergency Response Project	5,080.60
PAGCOR and PCSO assistance for purchase of medical equipment and supplies	2,900.00
Revenue forgone to expedite clearance and exempt importations of PPE and medical goods from taxes and duties	2,701.50
Test kit procurement and production	1,102.80
Compensation for private facilities used for the purpose of fighting COVID-19	511.80
Compensation to additional healthcare workers	449.70
PCSO funding for COVID-19 medical coverage	420.60
Special risk allowance for healthcare workers	200.90
ADB grant to support health measures against COVID-19	150.00
Compensation to all healthcare workers in case of severe infection or death from COVID-19	33.70
PILLAR 2	58,633.30

Source: DoF PH PROGRESO 17 May 2020 accessed from <https://www.dof.gov.ph/the-4-pillar-socioeconomic-strategy-against-covid-19/>

The total estimated cost of Pillar 2 is PhP58.633 billion which is inclusive of PhP2.701 billion worth of foregone revenues arising from exemptions on import taxes and duties for PPEs and medical goods.

Pillar 3 consists of fiscal and monetary actions to finance the emergency measures while Pillar 4 contains the economic recovery plan to create jobs and sustain growth.

Repurposing 2020 and 2019 budgets

The estimated cost of Pillars 1 and 2 of PH-PROGRESO is over PhP600 billion which cannot be covered simply by the discretionary disaster funds under the 2020 national budget. Realignment in the 2020 and even the 2019 national budgets were undertaken to cover appropriations for COVID-19 response measures.

The “Bayanihan to Heal as One Act” or Republic Act No. 11469 was signed on March 25, 2020. Aside from appropriating funds for emergency assistance programs, it gave the President the power to discontinue programs, activities, and projects (PAPs) of any agency of the executive department, including government-owned or controlled corporations (GOCCs), in the 2019 and 2020 budgets. The law further authorized the realignment or repurposing of savings generated

from these abandoned PAPs as well as unutilized allotments in agencies and special purpose funds to new or existing COVID-19-related PAPs. As a result of this realignment, Ph386.14 billion has been generated and released as of November 18, 2020.

Meanwhile, Republic Act No. 11494 or the “Bayanihan to Recover as One Act” was signed into law on September 11, 2020. It consists of recovery measures to strengthen health systems; increase support to agriculture; expand coverage of subsidy programs to the labor/employment, transportation, and tourism sectors; and provide financing programs to MSMEs. Total appropriation under the law is Ph165.5 billion. Like the earlier law, realignment of existing budgets was allowed to generate needed funding for the law’s implementation. As of November, PhP87 billion have been generated and released to agencies.



Employees of Pasig City in Metro Manila take turns serving food to healthcare frontliners at a mobile kitchen in Manggahan district during the lockdown.

¹⁸ DBCC. FY 2020 Budget Mid-year Report

Table 3. Summary of COVID-19 releases by agency and by funding source

FUNDING SOURCE	ALLOTMENT RELEASES (in PhP)			
	BAYANIHAN 1	POST-BAYANIHAN 1	BAYANIHAN 2	TOTAL
Discontinued P/A/Ps	266,836,022,120	-	34,774,952,044	301,610,974,164
FY 2020 GAA	231,370,823,530	-	4,774,952,044	266,145,775,574
FY 2019 GAA	35,465,198,590	-	-	35,465,198,590
Regular Agency Budget	20,899,493,657	86,072,500	28,371,099	21,013,937,256
FY 2020 GAA	19,769,716,043	86,072,500	-	19,855,788,543
FY 2019 GAA	1,129,777,614	-	28,371,099	1,158,148,713
Special Purpose Fund	98,407,005,316	7,497,966,147	2,904,261,458	108,809,232,921
FY 2020 NDRRMF	1,135,984,986	4,057,575,907	1,865,567,247	7,059,128,140
FY 2020 Contingent Fund	553,123,700	-	46,931,995	600,055,695
FY 2020 MPBF	-	749,047,021	261,715,017	1,010,762,038
FY 2020 Unprogrammed Appropriation	96,717,896,630	2,691,343,219	730,047,199	100,139,287,048
Btr Certification	-	-	50,199,939,275	50,199,939,275
Collections Beyond BESF Targets	-	-	4,725,924,668	4,725,924,668
Unutilized Automatic Appropriations	-	-	45,474,014,607	45,474,014,607
GRAND TOTAL	86,142,521,093	7,584,038,647	87,907,523,876	481,634,083,616

Source: DBM. Status of COVID-19 releases <https://www.dbm.gov.ph/index.php/programs-projects/status-of-covid-19-releases#summary-of-covid-19-releases-by-agency-and-by-funding-source>

Revenue shortfall

Budget realignments help to reallocate the government's financial resources to agencies and PAPs needed to address the pandemic that are otherwise have little or no allocation during the pre-pandemic budget approval. However, realignments do not address the issue of cash

availability.

The economy suffered due to the disruptions in production, reduced incomes, and lower than expected trade and investments brought about by the pandemic. All these contribute to erosion of tax base: lower GDP, higher unemployment, business closures.

Table 4. DBCC key macroeconomic assumptions, 2020 BESF and 28 July 2020

	2020 BESF	DBCC Jul. 28, 2020
Real GDP growth (%)	6.5-7.5	(4.5) - (6.6)
Inflation rate (%)	2.0-4.0	1.75-2.75
Foreign Exchange Rate (Php/US\$)	51-55	50-52
Exports of Goods (growth %)	6	-16
Imports of Goods (growth %)	8	-18

Sources:

DBM BESF 2020 DBM BESF 2020 NG fiscal Program 202 <https://www.dbm.gov.ph/wp-content/uploads/BESF/BESF2020/A2.pdf>
 DBCC Revised figures 28 July 2020 <https://www.dbm.gov.ph/index.php/dbcc-matters/macro-economic-assumptions-and-fiscal-targets/dbcc-revised-figures-july-28-2020>

The original revenue targets for 2020 have been rendered untenable by the pandemic and the subsequent lockdown. For the first half of the year,²² national government revenue collections were down by 16%. For the first three quarters,

PhP2,143 billion of revenues have been collected, most of which (PhP1,854 billion) were from various taxes while a small portion of this (PhP226 million) are grants.

Table 5. Summary of gov't revenues from January to September 2020

Particular	Jan	Feb	Mar *	Apr	May	Jun	Jul	Aug	Sept	Total
Revenues	294,638	206,835	261,599	187,776	151,493	350,977	234,468	243,232	212,415	2,143,433
Tax Revenues	253,883	189,802	177,145	124,930	145,195	325,414	212,263	233,133	193,020	1,854,785
Bureau of Internal Revenue	194,889	142,216	131,687	90,505	114,434	282,666	158,991	187,932	140,605	1,443,925
Bureau of Customs	55,879	44,787	44,648	34,425	30,761	42,591	49,816	44,380	50,753	398,040
Other Offices	3,115	2,799	810	0	0	157	3,456	821	1,662	12,820
Non-tax Revenues	40,753	16,991	84,454	62,846	6,298	25,562	22,127	9,997	19,394	288,422
BTr Income	28,391	5,853	76,968	58,338	2,389	11,306	7,648	2,052	8,630	201,575
Fees and Charges	6,118	5,715	1,756	154	0	224	4,149	758	1,452	20,326
Privatization	103	24	0	201	0	0	0	34	5	367
Income from Malampaya	2,035	1,989	1,822	716	439	1,903	2,464	2,028	1,926	15,322
Other non-tax	4,106	3,410	3,908	3,437	3,470	12,129	7,866	5,125	7,381	50,832
Grants	2	42	0	0	0	1	78	102	1	226

* Adjusted revenues for the month due to reclassification of collections from the Bayanihan to Heal as One Act
 Source: Bureau of the Treasury

²² <https://cnnphilippines.com/business/2020/7/2/government-revenue-first-half-2020.html?fbclid=IwAR1DuIKfzP9JEXehbSalHmncGN0MzAyNqK9zBfjGGMTS0eRddZVYqNRJ1hk>

The revenue collections however are much less than what was expected pre-COVID. The original revenue target for 2020 is PhP3.536 trillion but the official projections have been revised downwards several times as the pandemic's far-reaching impacts gradually unfolded since March. As of July, the official revenue projection is PhP2,514.9 billion by end of 2020, more than one trillion pesos less than originally estimated.

The revenue impact goes beyond the current year with the official updated mid-term fiscal projections showing that revenue projections²³ for 2021 and 2022 remain lower than pre-

The revenue collections however are much less than what was expected pre-COVID. The original revenue target for 2020 is PhP3.536 trillion but the official projections have been revised downwards several times since March.

pandemic levels of 2019 both in absolute terms and as percent of gross domestic product

Table 6. Comparison of FY 2020 Fiscal Program, Original vs. Updated (in billion PhP)

Particulars	FY 2020				
	Original Projection ¹ July 2019	December 2019 ²	March 27, 2020 ³	May 12, 2020 ⁴	May 27, 2020 ⁵
Revenues	3,536.2	3,492.0	3,173.1	2,612.6	2,612.6
<i>% of GDP</i>	16.7%	16.7%	16.8%	13.6%	13.6%
Disbursements	4,213.8	4,163.2	4,163.2	4,175.2	4,225.2
<i>% of GDP</i>	20.0%	19.9%	22.1%	21.7%	21.9%
(Deficit)	(677.6)	(671.2)	(990.1)	(1,562.6)	(1,612.6)
<i>% of GDP</i>	-3.2%	-3.2%	-5.3%	-8.1%	-8.4%
Nominal GDP	21,117.0	20,971.4	18,832.3	19,261.7	19,261.7

1/ As presented in the FY 2020 Budget of Expenditures and Sources of Financing (BESF).

2/ 177th DBCC Meeting on December 11, 2019.

3/ DBCC Ad Referendum Approval dated March 27, 2020.

4/ Special DBCC Meeting on May 12, 2020.

5/ DBCC Ad Referendum Approval dated May 27, 2020

Source: DBCC. Mid-year Report on the FY 2020 National Budget <https://www.dbm.gov.ph/index.php/dbcc-matters/reports/mid-year-report/1733-2020-mid-year-report>

²³ <https://www.dbm.gov.ph/index.php/dbcc-matters/macroeconomic-assumptions-and-fiscal-targets/dbcc-revised-figures-july-28-2020>

Table 7. DBCC Mid-Term fiscal program FYs 2020-2022, as of 28 July 2020

Particulars	2019	2020	2021	2022
	Actual	Emerging Program	Projections	Projections
REVENUES (in PhP billion)	3,137.5	2,519.8	2,717.4	3,034.8
% of GDP	16.1%	13.4%	13.2%	13.3%
Growth Rate	10.1%	-19.7%	7.8%	11.2%
DISBURSEMENTS (in PhP billion)	3,797.7	4,335.2	4,467.0	4,676.8
% of GDP	19.5%	23.0%	21.6%	20.5%
Growth Rate	11.4%	14.2%	3.0%	4.7%
SURPLUS / (DEFICIT) (in PhP billion)	(660.2)	(1,815.4)	(1,749.6)	(1,642.1)
% of GDP	-3.4%	-9.6%	-8.5%	-7.2%
Memo Item:				
Nominal GDP (in PhP billion)	19,516.4	18,856.3	20,642.3	22,811.7
Infrastructure Program*	1,049.9	785.5	1,121.1	1,018.2
<i>% of GDP</i>	5.4%	4.2%	5.4%	4.5%

*Indicative and subject to updating. Projections pertain to disbursements from NG infrastructure, infrastructure subsidy/equity to GOCCs, and transfers to LGUs intended for infrastructure activities. Includes payables from current year's budget and prior years' obligations.

Source: DBCC Revised figures 28 July 2020 <https://www.dbm.gov.ph/index.php/dbcc-matters/macroeconomic-assumptions-and-fiscal-targets/dbcc-revised-figures-july-28-2020>

New borrowings

The COVID-19 pandemic altered the fiscal balance of the national government for the year 2020. The full-year budget deficit is now estimated to reach PhP1,815.4 billion after the government has been projected to spend PhP4,335.2 billion while expecting only PhP2,519.8 billion in revenues. The new deficit level is much higher than the PhP677.6 billion originally planned for the year.

The increase of over PhP1 trillion in deficit is largely brought about by lower than projected

The increase of over PhP1 trillion in deficit is largely brought about by lower than projected revenue collections by around the same amount.

revenue collections by around the same amount. Planned spending also is also expected to increase by PhP121.4 billion as the government added new or expanded existing programs as part of its pandemic response.

Table 8. Comparison of NG Fiscal Program, Original and Revised (In PHP billion)

National Government Fiscal Program	BESF 2020 ¹	Revised Projection ² (July 28, 2020)	Variance
Revenues	3,536.2	2,519.8	(1,016.4)
Dibursements	4,213.8	4,335.2	121.4
Deficit	(677.6)	(1,815.4)	1,137.8

Sources:

1/ DBM BESF 2020 NG fiscal Program 202 <https://www.dbm.gov.ph/wp-content/uploads/BESF/BESF2020/A2.pdf>

2/ DBCC <https://www.dbm.gov.ph/index.php/dbcc-matters/macroeconomic-assumptions-and-fiscal-targets/dbcc-revised-figures-july-28-2020>

The deficit has reached PhP879 billion as of the third quarter of 2020. External and domestic gross borrowings for the same period has reached PhP550.266 billion and PhP2,010.28 billion, respectively. The gross borrowings are much

larger than the deficit because government is also paying amortization on existing debts on top of its spending for COVID-19 response and other public services.

Table 9. National Government Financing, Surplus/Deficit and Change-in-Cash, January – September 2020 (in PHP million)

Particulars	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Total
Surplus/ (-) Deficit	23,045	-37,595	-71,609	-273,881	-202,136	1,766	-140,208	-40,074	-138,525	-879,217
Financing	65,684	368,951	365,977	257,481	283,528	206,401	133,005	582,717	-215,550	2,048,194
External (Net)	24,518	23,925	2,873	85,672	113,018	49,991	66,168	26,482	34,433	427,080
External (Gross)	64,155	73,484	9,047	90,647	119,307	56,817	67,695	28,539	40,575	550,266
Less: Payments	39,637	49,559	6,174	4,975	6,289	6,826	1,527	2,057	6,142	123,186
Domestic (Net)	41,166	345,026	363,104	171,809	170,510	156,410	66,837	556,235	-249,983	1,621,114
Domestic (Gross)	41,166	405,762	363,104	172,100	170,510	156,410	66,837	584,374	50,017	2,010,280
Less: Net Amortization	0	60,736	0	291	0	0	0	28,139	300,000	389,166
Change-in-Cash	69,793	302,467	282,738	(172,902)	21,075	196,947	2,826	421,760	-369,019	755,685

Source: Bureau of the Treasury

COVID-19 financing

To cope with the massive revenue shortfall, one of the strategies of government is to secure COVID-19 response financing through fresh borrowings and foreign grants. As of September, USD9,914.96 million of financing was secured

specifically for this purpose. Over 90% or USD9.293 million of these come in the form of budgetary support loans while USD595 million worth of financing are in the form of project loans. Only USD26.36 million come in the form of grants which do not have to be repaid.

Table 10. Financing secured for COVID-19 Response (as of 2 October 2020)

Particulars	Amount in USD million
WB Third Disaster Risk Management Development Policy Loan	500.00
ADB COVID-19 Active Response and Expenditure Support Program	1,500.00
ADB Social Protection Support Project - Second Additional Financing	200.00
ROP Bonds Due 2045 with 2.950% coupon	1,350.00
ROP Bonds Due 2030 with 2.457% coupon	1,000.00
WB Emergency COVID-19 Response Development Policy Loan	500.00
ADB Support to Capital Market Generated Infrastructure Financing, Subprogram 1	400.00
AIIB CARES Program	750.00
AFD Expanding Private Participation in Infrastructure Program, Subprogram 2	165.42
AFD Inclusive Finance Development Program, Subprogram 1	110.28
ADB Expanded Social Assistance Program	500.00
JICA COVID-19 Crisis Response Emergency Support Loan	458.95
ADB Competitive and Inclusive Agriculture Development Program, Subprogram 1	400.00
ADB Inclusive Finance Development Program, Subprogram 2	300.00
JICA Post Disaster Standby Loan (Phase 2)	458.95
ADB Disaster Resilience Improvement Program	500.00
WB Social Welfare Development and Reform Project II - Additional Financing	200.00
Subtotal, Budgetary Support Financing	9,293.60
ADB COVID-19 Emergency Response Project	3.00
ADB Rapid Emergency Supplies Provision	5.00
Government of Japan Non-Project Grant Aid for the Provision of Medical Equipment of DOH	18.36
Subtotal, Grant Assistance	26.36
WB COVID-19 Emergency Response Project	100.00
WB Support to Parcelization of Lands for Individual Titling Project	370.00
ADB Health System Enhancement to Address and Limit COVID-19 Program	125.00
Subtotal, Project Loan Financing	595.00
TOTAL	9,914.96

Source: Department of Finance <https://www.dof.gov.ph/data/fin-agreements/>

Bond issuance has generated USD2,350 million of the financing while the rest are sourced from multilateral and bilateral institutions, particularly Agence Francaise de Developpement (AFD), ADB, AIIB, Japan International Cooperation Agency (JICA), and World Bank (WB) all of which, except for AIIB, extended multiple budgetary support loans.

Almost all COVID-19 financing as indicated above are loans that will inevitably impact on the country's debt burden. The outstanding debt of the national government stood at PhP9,368.876 billion as of September 2020, which is already PhP1.6 trillion higher than the outstanding amount as of January 2020.

Table 11. National Government Outstanding Debt, January - September 2020
(in million PhP)

Particulars	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept
I. Domestic Debt	<u>5,123,765</u>	<u>5,449,851</u>	<u>5,812,867</u>	<u>5,863,517</u>	<u>6,034,036</u>	<u>6,190,040</u>	<u>6,256,489</u>	<u>6,713,020</u>	<u>6,438,378</u>
Loans	948	948	300,948	300,948	300,948	300,948	300,948	300,948	948
Direct	156	156	300,156	300,156	300,156	300,156	300,156	300,156	156
Assumed	792	792	792	792	792	792	792	792	792
Debt Securities	5,122,817	5,448,903	5,511,919	5,562,569	5,733,088	5,889,092	5,955,541	6,412,072	6,437,430
II. External Debt	<u>2,639,581</u>	<u>2,715,749</u>	<u>2,664,548</u>	<u>2,736,790</u>	<u>2,856,708</u>	<u>2,864,024</u>	<u>2,907,660</u>	<u>2,902,009</u>	<u>2,930,498</u>
Loans	1,052,668	1,058,900	1,059,095	1,140,958	1,137,656	1,168,813	1,225,879	1,238,187	1,270,022
Direct	1,052,668	1,058,900	1,059,095	1,140,958	1,137,656	1,168,813	1,225,879	1,238,187	1,270,022
Assumed	0	0	0	0	0	0	0	0	0
Debt Securities	1,586,913	1,656,849	1,605,453	1,595,832	1,719,052	1,695,211	1,681,781	1,663,822	1,660,476
TOTAL	<u>7,763,346</u>	<u>8,165,600</u>	<u>8,477,415</u>	<u>8,600,307</u>	<u>8,890,744</u>	<u>9,054,064</u>	<u>9,164,149</u>	<u>9,615,029</u>	<u>9,368,876</u>

Source: Bureau of the Treasury

The AIIB and the loan agreement

When it was founded in January 2016, the Beijing-headquartered Asian Infrastructure Investment Bank (AIIB) said that its mission is “to improve social and economic outcomes...by investing in sustainable infrastructure and other productive sectors in Asia and beyond.”²⁴

The multilateral lender was established with an authorized capital of \$100 billion, according to the NGO Forum on ADB, a network of civil society organizations (CSOs) that acts as a watchdog for the activities of the Asian Development Bank and the AIIB.

Although China has already expressed willingness to provide strong support for the AIIB, it nevertheless said that it wasn’t seeking to be its “single majority shareholder,” the Manila-based NGO Forum on ADB said.

The AIIB was created partly because the US Senate, since 2010, refused to ratify an agreement that would have doubled resources of the International Monetary Fund (IMF) by increasing capital contributions from emerging economies, the NGO Forum on ADB said.

The move would have expanded the voting power of emerging economies in the IMF Executive Board, the Manila-based NGO said.

Under the IMF’s current quotas, France is seen as more economically dominant than China and

Belgium more dominant than Brazil, according to the NGO Forum on ADB.²⁵

Now with 103 members around the world, the AIIB has two projects in the Philippines: a \$206.7 million project to improve flood management in Metro Manila that began in 2017²⁶ and a \$750 million Covid-19 loan program that started in June 2020.

Co-financed with the ADB, the loan intends to increase testing and care of infected patients and provide emergency relief and aid to the vulnerable.²⁷

In late July, the Chinese-led development lender held its fifth annual meeting virtually for two days.

The bank refused to allow the participation of communities affected by its fossil fuel projects in Central and South Asia and CSOs, including the NGO Forum on ADB.

However, during the meeting, two members of the bank’s International Advisory Panel raised concerns about its policies regarding information disclosure, transparency, and consultation with CSOs.

Similarly, these concerns — and a host of other issues — were raised by a five-page document issued by the NGO Forum on ADB and signed

²⁴ <https://www.aiib.org/en/about-aiib/index.html>

²⁵ <https://www.forum-adb.org/aiib>

²⁶ <https://www.aiib.org/en/projects/details/2017/approved/Philippines-Metro-Manila-Flood-Management.html>

²⁷ <https://www.aiib.org/en/projects/details/2020/approved/Philippines-COVID-19-Active-Response-and-Expenditure-Support-Program.html>

by more than 50 organizations based in Europe, Africa, and Asia.

Entitled “Civil Society Reflections on AIIB’s 5th Annual Meeting (Virtual) 2020,” the document cited the bank’s inability to publicly disclose its Corporate Strategy, which was its “guiding principles for bank’s next decade of investments and role in undertaking climate responsibility.”²⁸

Likewise, the same document also brought up the bank’s Asia Climate Bond initiative which was “discussed in overly simplified terms” during the meeting, “raising concerns whether the proposed standards allow for more fossil gas projects and make allowances for risky nuclear power generation to be considered green.”

The document also said that “not much detail” has been provided by the AIIB about its Climate Change Framework in relation to the Paris Agreement.

Governments — especially those that borrowed money for COVID-19 — were “underrepresented,” the document said.

Owing to this lack of representation, the NGO Forum on ADB and CSOs raised questions about how the loans were “structured and distributed.” The AIIB annual meeting was also unable to consider “the context of borrowing governments which were facing rising inequality, unemployment, social unrest, and climate change vulnerability.”

The bank “should have used its annual meeting platform to further scrutinize the current public health systems and discuss gaps and needs toward public health care access to the most vulnerable,” the document issued by the NGO Forum on ADB said.

“Despite the AIIB’s claim of being lean, clean, and green for the past 5 years, impacted communities and CSOs remain uncertain whether the bank will live up to its mandate in a way that is meaningful to vulnerable people across the region.”

The five-page document was later sent to the AIIB, which in turn, prompted a reply from its president, Jin Liqun.

“The various issues highlighted in your reflections will be important topics to discuss at the upcoming Dialogue between civil society and AIIB management to be held in October,” Liqun said in a letter dated August 28, 2020. “Engagement with local communities and civil society is an ongoing priority for AIIB and we very much look forward to hearing the views and recommendations of your members in a spirit of transparency and openness.”²⁹

In late August, the NGO Forum on ADB issued a statement, saying that the AIIB disregards the rights of people affected by the projects it funded.

“Despite the AIIB’s claim of being lean, clean, and green for the past 5 years, impacted communities and CSOs remain uncertain whether the bank will live up to its mandate in a way that is meaningful to vulnerable people across the region,” the NGO Forum on ADB said.³⁰

²⁸ https://56606927-2a85-4cfb-95b4-3f0439636792.filesusr.com/ugd/898604_32535be0391d43ed9abf80259bc82172.pdf

²⁹ https://56606927-2a85-4cfb-95b4-3f0439636792.filesusr.com/ugd/898604_3c7bd3fc2141739b333b1f723693cb.pdf

³⁰ <https://www.forum-adb.org/post/5-years-in-operations-china-led-bank-aiib-disregards-rights-of-affected-people>

AIIB-Philippines COVID-19 loan

The USD750 million loan agreement was signed by AIIB and the Philippine government on June 5, 2020. It is a policy-based financing loan that provides general budgetary support which means that the proceeds are not intended to finance any specific expenditure item or project in any particular location.

The loan is sourced from AIIB's COVID-19 Crisis Recovery Facility which was created "to support AIIB's members and clients in alleviating and mitigating economic, financial and public health pressures arising from COVID-19."³¹ Under the Facility, member countries with lower incomes (i.e., part of the International Development Association or IDA) can secure concessional terms for reduced interest rates. However, the Philippines is not eligible because it is not part of IDA.

Salient financial terms of the loan include: a front-end fee of 0.25 % of loan amount, interest rate of USD LIBOR + 0.50% spread, tenor of 12 years with a 3-year grace period. The principal payment dates are Nov 15 and May 15 and the first payment is scheduled on November 15, 2023 and last payment on May 15, 2032.

The purpose of the loan is to co-finance the CARES Program, which is also funded by loans in the amount of USD1,500 million from the ADB and USD459 million from JICA. The AIIB website³² provides a brief loan profile describing the specific measures in the response program: (i) enhanced quarantine to reduce the infection rate; (ii) expanded medical services to step up testing and care for affected populations; (iii)

social protection and livelihood support to help mitigate the immediate impacts on livelihoods and employment; (iv) a small business relief program; (v) support for agriculture and other economic sectors; and (vi) local government support.

According to AIIB,³³ the Program's objective is "to mitigate the adverse impacts of COVID-19 on the health and economic opportunities of the population of the Philippines by providing budgetary support to the government's COVID-19 Response Program."

The expected results of the program, according to the same source, are:

1. Reduction in the doubling rate of confirmed COVID-19 cases to 30 days or more, by December 2020 (baseline: every 3-4 days as of April 4, 2020).
2. Poverty incidence held to less than 18 percent, by April 2022 (baseline: 20.7 percent projected as of April 4, 2020).
3. The submission of government reports on the implementation of Emergency Subsidy Program totaling USD4 billion with the use of gender-disaggregated data, by April 2021 (baseline: no cash transfers under Emergency Subsidy Program provided as of March 20, 2020).

Further information on policy, program implementation, and monitoring details of CARES is not available on the AIIB website and can instead be accessed from the ADB's website.

³¹ AIIB <https://www.aiib.org/en/policies-strategies/COVID-19-Crisis-Recovery-Facility/index.html>

³² <https://www.aiib.org/en/projects/details/2020/approved/Philippines-COVID-19-Active-Response-and-Expenditure-Support-Program.html>

³³ <https://www.aiib.org/en/projects/details/2020/approved/download/Philippines/PSI-Philippines-CARES-program.pdf>



Most jeepney drivers lost their income after authorities disallowed them from plying their routes during the lockdown that began in mid-March. This photo taken on Rizal Avenue in the City of Manila shows a driver with a sign that pleads for cash donations from pedestrians and motorists alike.

CARES Program

The Covid-19 Active Response and Expenditure Support or CARES Program is a loan package for the Philippines initially financed by the ADB for USD1.5 billion and subsequently co-financed by loans from AIIB and JICA. The ADB loan is sourced through its COVID-19 Pandemic Response Option (CPRO), a countercyclical support facility aimed at helping minimize the socio-economic effects of a global pandemic to its developing member countries.

Debt sustainability is one of the requirements to qualify for CPRO. Based on ADB's assessment, the Philippines satisfies this criterion, noting that central government's pre-COVID debt levels had gone down from 52.4% of GDP in 2010 to 38.9% in 2019. It also assumes that the new CPRO borrowing will have minimal impact on debt-GDP ratio and that recovery to pre-crisis levels will be achieved by 2024.³⁴

The overarching development objective of CARES Program is for the mitigation of the

adverse impacts of COVID-19 on the population's health, incomes and economic opportunities. To this end, the target effect of the program is for the rate of spread of the disease is managed and poverty contained.

ADB's financing for CARES Program, like that of AIIB's, is a budgetary support loan and not a project loan. As such, no specific projects or agencies were specified as the recipient of the loan proceeds. As an official from the DoF has pointed out,³⁵ the loan has no conditionalities but there are outputs that are expected.

The expected outputs of the program are: a.) measures taken to combat the spread of the COVID-19 pandemic in the Philippines; b.) dedicated funds and programs for social protection and relief to affected people are allocated and implemented; and, c.) economic stimulus for affected sectors delivered. These outputs and their corresponding performance indicators, baselines, and data sources are spelled out in the CARES Program design and monitoring framework.

³⁴ COVID-19 Active Response and Expenditure Support Program: Report and Recommendation of the President. <https://www.adb.org/projects/documents/phi-54138-001-rrp>

³⁴ Director San Juan, Department of Finance. SWP RTD October 29, 2020.

Table 12. CARES Program Outputs, performance indicators

Results chain	Performance indicators	Data source and reporting mechanism
Measures taken to combat the spread of the COVID-19 pandemic in the Philippines	By May 2020, testing capacity increases to 8,000 per day <i>(baseline: 3,000 per day as of 14 April 2020)</i>	DOH reports
	By July 2020, average turnaround time from sample collection to results reduced to 48 hours or less <i>(baseline: more than 7 days as of April 4, 2020)</i>	DOH reports
	By July 2020, all health care workers are covered by PhilHealth inpatient and primary care Covid-19-related benefits <i>(baseline: only PhilHealth inpatient Covid-19 benefits are provided to PhilHealth members, as of April 4, 2020)</i>	Philhealth reports
Dedicated funds and programs for social protection and relief to affected people allocated and implemented	By July 2020, the government, through the 4Ps program, has provided conditional cash transfers and emergency subsidy support of ₱10,000–₱16,000 for 4.4 million vulnerable households, of which 85.3% of beneficiaries are women <i>(baseline: subsidy support not provided as of 4 April 2020).</i>	DSWD report, DOLE reports
	By July 2020, the government has provided emergency subsidy support ₱10,000–₱16,000 for 13.6 million households with collection of sex disaggregated data on beneficiaries through the Social Amelioration Program <i>(baseline: subsidy support not provided as of 4 April 2020).</i>	DOF, IATF-EID reports, DSWD (through Social Amelioration Program)
Economic stimulus for affected sectors delivered	By December 2020, the government has delivered ₱30.6 billion of economic stimulus and support highly affected and vulnerable sectors including agriculture <i>(baseline: no support provided as of 4 April 2020)</i>	DA reports, DTI reports
	By December 2020, the government has provided wage subsidies for at least 1 million MSMEs (of which 58% are registered to women) <i>(baseline: no wage subsidies provided as of 4 April 2020)</i>	DOLE reports
	By December 2020, the government has provided tax relief for at least 1 million MSMEs (of which 58% are registered to women) <i>(baseline: no tax relief provided as of 4 April 2020)</i>	BIR reports

Source: COVID-19 Active Response and Expenditure Support Program: Report and Recommendation of the President. <https://www.adb.org/projects/documents/phi-54138-001-rrp>

ADB documents provide the following breakdown of its USD1,500 million CARES loan by sector. Half of the loan is allocated to public expenditure and fiscal management subsector and USD500 million for social protection initiatives subsector. USD250 million is allocated

for health sector, equally split between disease control of communicable disease and health system development subsectors. However, no information is available whether the USD750 million AIIB loan is earmarked for any of the subsectors mentioned.

Table 13. ADB CARES Program Financing breakdown by sector

Sector	Subsector(s)	ADB Financing (USD million)
Public sector management	Public expenditure and fiscal management	750.00
	Social protection initiatives	500.00
Health	Disease control of communicable disease	125.00
	Health system development	125.00

Source: <https://www.adb.org/sites/default/files/project-documents/54138/54138-001-rrp-en.pdf>



The lockdown has temporarily suspended work, including construction, allowing a homeless father and son to frame themselves in this culvert that is awaiting to be installed in Antipolo City in Rizal, near Metro Manila.

Status of implementation: what we know so far

The “whole-of-government” approach meant that the national government response is comprehensive and the resources mobilized are unprecedented. As new measures, such as those in PH-PROGRESO, are initiated, agencies are making adjustments to their regular plans and budgets to ensure continued delivery of public services.

In a forum organized by Social Watch on 29 October 2020, a DoF official noted that the CARES loan is quick-disbursing, adding that the proceeds have already been received by the government. He also reiterated that since it is not a project loan but a budgetary support loan, no rigid determination on how much of the loan proceeds have been allocated to any specific agency or PAPs.

The “budgetary support” nature of the AIIB CARES financing poses a challenge to citizens who intend to track the loan execution, which would include following the “money trail” and assessing agency- and PAP-level budgetary allocation, utilization. The challenge is how to identify which agencies and PAPs should be the focus of the monitoring.

This study offers the following steps to determine which programs should be tracked.

Using the data from the “Mid-Year Report on the FY 2020 National Budget” of the Development Budget Coordinating Committee or DBCC,³⁶

The “budgetary support” nature of the AIIB CARES financing poses a challenge to citizens who intend to track the loan execution

first determine the portion of the total national government expenditure that was earmarked for or considered as COVID-19 expenditures. Second, determine the distribution of COVID-19 expenditures across agencies. Third, identify which PAPs received the COVID-19 expenditures. Fourth, using the CARES Program monitoring matrix, determine which of these PAPs are directly relevant to the CARES program’s three output areas: health, social protection, and economic relief.

The succeeding sections presents the findings using the steps described above.

COVID-19 budget allocation by agencies

The Mid-Year Report on the FY 2020 National Budget reported the status of COVID-19 budget releases as of 14 September 2020. It shows that a total of PhP389.2 billion in budget allotments were released to six departments. PhP359.1 billion of these allotment releases have been issued cash allocations.³⁷

³⁶ <https://www.dbm.gov.ph/index.php/dbcc-matters/reports/mid-year-report/1733-2020-mid-year-report>

³⁷ In Philippine budgeting system, an allotment release authorizes an agency to incur obligations subject to limitations in amount and period as specified in the allotment order. Notice of cash allocations is an authorization for agency to pay out cash to fulfill the obligations incurred.

Table 14. Status of COVID-19 releases by agency and major PAPs

Department	Major PAPs	Amount (in billion PHP)	
		Allotment	Cash Allocation
Total Releases		389.2	359.1
<i>of which:</i>			
DSWD	Implementation of Social Amelioration Programs	211.6	200.0
DOLE	Financial assistance to workers under the CAMP and TUPAD Programs; Emergency Repatriation Program for OFWs	12.6	12.6
DOH	Funding requirements to address the COVID-19 pandemic (e.g., procurement of detection kits, and other medical supplies and materials)	49.0	48.2
DOF	Small Business Wage Subsidy Program (SWBSP); <i>Bayanihan</i> Grant to LGUs, <i>Pondo sa Pagbabago at Pag-aseenso</i> Program	88.1	88.1
DA	Implementation of <i>ALPAS Kontra</i> COVID-19 Program, and other agriculture support programs	11.4	8.5
DepEd	Implementation of Basic Education – Learning Continuity Plan	10.9	-

Source: DBCC. Mid-year Report on the FY 2020 National Budget <https://www.dbm.gov.ph/index.php/dbcc-matters/reports/mid-year-report/1733-2020-mid-year-report>

Of the six recipient agencies, five have PAPs that may be considered directly related to the CARES Program outputs. These are:

1. Department of Health (DoH). The procurement of detection kits and other medical supplies and materials can be subsumed under the CARES program outputs on increasing of testing capacity and testing outcomes.
2. Department of Social Welfare and Development (DSWD). The social amelioration program through its cash transfers can fall under emergency social protection measures under CARES.
3. Department of Labor and Employment (DOLE). Financial assistance to workers can be related to the indicators under the economic relief output of CARES.
4. Department of Agriculture (DA). While the *ALPAS Kontra* COVID-19 is not a specific measure mentioned in CARES, its economic relief output includes a broadly-described indicator on providing economic support to vulnerable groups, which specifically mentions the inclusion of the agricultural sector. DA is also mentioned as one of the sources of data in the CARES monitoring matrix so it can reasonably be expected that some outputs from the department should form part of the accomplishment report of the loan program.
5. Department of Finance (DoF). Wage subsidies are part of the indicators under the economic relief output of CARES.

CARES Health-related measures

Health-related outputs and indicators under CARES:

Table 15. Health-related outputs and indicators under CARES

Results chain	Performance indicators	Data source and reporting mechanism
Measures taken to combat the spread of the COVID-19 pandemic in the Philippines	By May 2020, testing capacity increases to 8,000 per day (<i>baseline: 3,000 per day as of 14 April 2020</i>)	DOH reports
	By July 2020, average turnaround time from sample collection to results reduced to 48 hours or less (<i>baseline: more than 7 days as of April 4, 2020</i>)	DOH reports
	By July 2020, all health care workers are covered by PhilHealth inpatient and primary care Covid-19-related benefits (<i>baseline: only PhilHealth inpatient Covid-19 benefits are provided to PhilHealth members, as of April 4, 2020</i>)	Philhealth reports

Source: DBCC. Mid-year Report on the FY 2020 National Budget <https://www.dbm.gov.ph/index.php/dbcc-matters/reports/mid-year-report/1733-2020-mid-year-report>

Department of Health (DOH)

As mentioned above, the PhP49 billion allotment has been released to DOH and PhP48.2 billion of which has cash allocation. The DBCC reported that:

...the DOH was provided P47.6 billion from the pooled balances in accordance to Section 4(v) of the Bayanihan to Heal as One Act to cover the requirements for the procurement of the Reverse Transcription Polymerase Chain Reaction (RT-PCR) Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-COV-2) detection kits. Another P45.7 billion was released from the Unprogrammed Appropriations to support the DOH programs under RA No. 11469. These include the augmentation of the operational budget of government hospitals, especially those treating COVID-19 prevention and control of other infectious diseases, emergency preparedness and response, and the quick response fund. An amount of P100 million was released under the FY 2020 GAA and FY 2019 Continuing Appropriations to

cover additional funding requirements for the immediate and continued response to emerging diseases posed by polio and COVID-19 during the first half of the year. Finally, the DOH was provided with P500 million from the NDRRMF to cover the additional Quick Respond Fund of DOH.

The DBCC reported the following expenditures under Philippine Health Insurance Corporation (PhilHealth):

Internal Reimbursement Mechanism (IRM). IRM allocation reached PhP27 billion which was sourced from Philhealth’s corporate funds and intended to assist health care institutions (HCI) by providing them with liquidity and ensure continuous financial protection to its members in times of fortuitous events. This assistance package is equivalent to three (3)-months’ worth of benefit claims, based on historical data to be charged to their future claims. PhP14,970,850,000 of the IRM allocation have already been released to 711 HCIs, leaving a balance of PhP12 billion. Table 15 shows the distribution of the releases by recipient.

Table 16. Status of IRM as of 31 July 2020, releases by office and recipient

Released by	No. of recipient HCIs			Amount (In billions)	% to total amount
	Private	Gov't	Total		
PhilHealth Regional Offices (PRO)	402	146	548	13.197	88%
Head Office	103	60	163	1.774	12%
Total	505	206	711	14.971	100%

Source: DBCC Mid-Year Report on the FY 2020 National Budget <https://www.dbm.gov.ph/index.php/dbcc-matters/reports/mid-year-report/1733-2020-mid-year-report>

Internal Financing Mechanism (IFM). This is the tie up with the Philippine Red Cross (PRC) for testing for SARS-CoV2 pro hac vice pursuant to PhilHealth’s mandate under Bayanihan to Heal as One Act to strengthen PRC’s testing capacity. The PhilHealth and the PRC entered into a Memorandum of Agreement (MOA) where SARS-COV-2 test is packaged at PhP3,500. As of June 30, 2020, total amount of IFM releases to the Philippine Red Cross has amounted to P308.48 million.

COVID-19 inpatient and testing claims

... the PhilHealth provided full coverage for inpatient care of probable and confirmed COVID-19 developing severe illness/outcomes before April 15, 2020 for all Filipinos. After which, management for COVID-19 shall be covered with package amount ranging from P43,997 to P786,384 depending on severity for non-health workers while still providing full protection for health workers. In addition, PhilHealth covers the testing for the illness with package amount ranging from P2,710 to P8,150 depending the type of test. PhilHealth clarified that the package is for costs attributable to services related to testing such as clinical assessment, specimen collection, specimen transport, and materials such as PPEs and test kits. The rate was then adjusted to P901 to P3,409. The adjustment resulted from its continuing

consultation with stakeholders and infectious disease experts, increased availability and affordability of testing kits in the market, and increased number of qualified facilities to do SARS-CoV-2 testing. As of June 30, 2020, total count of tests conducted by other providers aside from Philippine Red Cross was at P2,684 amounting to P14.7 million.

Per the latest Philippines COVID-19 situationer released by DOH, cases of COVID-19 in the country totaled to 416,852. Out of this, 33,224 are active, 375, 548 are considered recoveries, and 8,080 are recorded as deaths.³⁸

Based on the latest data, COVID-19’s capacity to spread in the country is at $R_t = 0.92 \pm 0.02$, which means each infected individual was infecting an average of 0.92 other persons within the previous two weeks.³⁹ Lowering this value is made possible through efforts such as physical distancing, wearing of PPE, and other means to stop the spread of the virus.

Throughout May to November, DOH scaled up the country’s testing capacities bringing the Philippines to the top of ASEAN in terms of testing capacity. Some 5,492,846 tests have already been conducted of which, an average 30,207 samples were processed each day by licensed COVID-19 testing laboratories.⁴⁰ Currently, there are 134 licensed RT-PCR laboratories and 42 GenExpert laboratories. GenExpert laboratories can provide results within 45 minutes faster than

³⁸ Beat COVID-19 Today: Full Weekly Report

³⁹ The goal is for R_t to be less than 1, which would mean that, on average, an infected person is infecting less than one person, eventually stopping the transmission of COVID-19.

⁴⁰ Cumulative positivity rate is at 9.2%

Table 17. Social Amelioration Program-Assistance to Individuals in Crisis Situation beneficiaries and disbursements

	4Ps Family Beneficiaries	Non-4Ps Family Beneficiaries	TOTAL
Target No. of Families	4,271,814	13,469,635	17,741,449
Actual No. of Families	4,217,654	13,239,419	17,457,073
Budget Allotment (Php)	18,509,530,400	81,585,466,000	100,094,996,400
Disbursement (Amount Received by Beneficiaries/ Families, in Php)	18,292,373,300	80,226,539,400	98,518,912,700

Source: SAP Monitoring Dashboard for Emergency Subsidy Retrieved on November 25, 2020. Data last updated September 30, 2020 <https://public.tableau.com/profile/dswd.gis#!/vizhome/SAPMonitoringDashboardforEmergencySubsidyunderAICS/Dashboard1>

the usual RT-PCR test which has a turnaround time of 24 hours. It is expected that 89 more laboratories will be operational upon getting DOH approval.

For equipment utilization, as of November 21, 2020, the country’s bed capacity totaled to 21,747 of which: 13,589 are isolation beds with 39.1% occupancy, 6,227 are ward beds with 30.2% occupancy, and 1,931 are ICU beds with 44.2% occupancy. There are also 2,002 mechanical ventilators available for patients in severe or critical situation.

CARES Social protection-related measures

Social protection-related outputs and indicators under CARES:

Department of Social Welfare and Development (DSWD)

The summary table above indicates that the department received a Php211.6 billion allotment for its COVID-19 response, specifically for the Social Amelioration Program (SAP), the government’s emergency subsidy program for low-income families and sectors considered as most vulnerable. The DBCC report however does not contain much detail on the utilization of the said amount except to say the by the end of June 2020, the number of beneficiaries served is through the Protective Services Program — of which SAP is a component with 431,638, or almost half of the Protected Services Program’s 877,444 targeted beneficiaries for the year.

According to the SAP Monitoring Dashboard

Table 18. Social protection-related outputs and indicators under CARES

Results chain	Performance indicators	Data source and reporting mechanism
Economic stimulus for affected sectors delivered	By December 2020, the government has delivered ₱30.6 billion of economic stimulus and support highly affected and vulnerable sectors including agriculture (<i>baseline: no support provided as of 4 April 2020</i>)	DA reports, DTI reports
	By December 2020, the government has provided wage subsidies for at least 1 million MSMEs (of which 58% are registered to women) (<i>baseline: no wage subsidies provided as of 4 April 2020</i>)	DOLE reports
	By December 2020, the government has provided tax relief for at least 1 million MSMEs (of which 58% are registered to women) (<i>baseline: no tax relief provided as of 4 April 2020</i>)	BIR reports

for Emergency Subsidy⁴¹ under Assistance to Individuals in Crisis Situation (AICS), PhP81,557,415,700 has been transferred to local government units (LGUs) and PhP98,786,563,950 has been received by SAP beneficiaries. The dashboard also provided the following data on the number of targeted and actual beneficiaries for both 4Ps and non-4Ps recipients.

Department of Labor and Employment (DOLE)

PhP12.6 billion has been allotted to DOLE for COVID-19 response. The programs identified for this purpose are:

- TUPAD or Tulong Panghanap-buhay sa Ating Displaced / Disadvantaged Workers Program. This program is intended to give support to displaced workers in the informal economy. PhP2.3 billion was allocated for TUPAD #Barangay Ko, Bahay Ko (TUPAD #BKBK) Disinfecting / Sanitation

Project.

- CAMP or COVID-19 Adjustment Measures Program. This program is intended to support local workers in the formal economy. PhP3.3 billion was allocated for this.
- AKAP or Abot Kamay ang Pagtulong. This program is intended for displaced land-based and sea-based Filipino workers due to COVID-19. PhP2.5 billion was allocated to cover financial assistance to OFWs amounting to PhP10,000 each.⁴²

In addition, the DOLE-Overseas Workers Welfare Administration (OWWA) obligated PhP1.9 billion for the Social Protection and Welfare for OFWs Program.

In the previously mentioned forum organized by Social Watch Philippines, DOLE Asec. Dominique Tutay provided an update on these programs. According to her presentation, a total of 1,656,035 workers have benefitted from the CAMP, TUPAD, AKP and the Emergency Repatriation Program.⁴³

Table 19. DOLE COVID-19 program, budget and beneficiaries

Program	Budget (Allotment, in PhP billion)	Number of Beneficiaries
COVID-19 Adjustment Measures Program	3.311	658,886
<i>Tulong Panghanapbuhay sa Ating Disadvantaged/Displaced Workers – Barangay Ko, Bahay Ko (TUPAD #BKBK)</i>	1.591	423,511
<i>Abot Kamay Ang Pagtulong (AKAP)</i>	2.5	300,516*
Emergency Repatriation Program (ERP)	5.0	271,122**
TOTAL	12.4	1,654,035

*As of October 19, 2020

** As of October 27, 2020

Source: Asec. Dominique Tutay. "DOLE Initiatives in Mitigating the Impacts of COVID-19." Powerpoint presentation, Dissecting the AIIB Loan—a Round Table Discussion on AIIB CARES Program, October 29, 2020.

⁴¹ Retrieved on November 25, 2020. Data last updated September 30, 2020. <https://public.tableau.com/profile/dswd.gis#!/vizhome/SAPMonitoringDashboardforEmergencySubsidyunderAICS/Dashboard1>

⁴² Advisory on DOLE-AKAP Assistance

⁴³ Slide for presentation by Asec. Tutay. DOLE Initiatives in Mitigating the Impacts of COVID-19. Social Watch Philippines RTD on AIIB CARES Loan Program, October 29, 2020.



Life — and business — goes on for this mask-wearing fruit seller and a healthcare worker enveloped in a personal protective suit to guard against infection in this photo taken in Makati City, the country’s premier financial district.

Micro, Small, Medium Enterprises (MSMEs)

While the summary table above indicates support for small businesses, the mid-year budget report did not provide information on the details of this program and breakdown of allocation. However, in the recent *Bayanihan to Heal as One Act* report, the Department of

Trade and Industry (DTI) implemented COVID-19 Assistance to Restart Enterprises (CARES), an enterprise rehabilitation financing facility under the *Pondo sa Pagbabago at Pag-asenso (P3)* program. Under this program, soft loans were made available to entrepreneurs to pump-prime recovery and rehabilitation of MSMEs. To date, a total of 3,998 borrowers nationwide availed P893-million worth of loans.⁴⁴

⁴⁴ Report on the Implementation of Republic Act No. 11494 or the *Bayanihan to Heal as One Act*, November 03, 2020. CARES Loan Program, October 29, 2020.

Responsiveness to Gender and CSO participation

Citizens' monitoring should also examine whether the CARES program design and its implementation mechanism take women's needs and concerns into account and checks whether CSOs are able to have meaningful exchange of information and participation in the program.

Gender

Women face a disproportionate amount of risks, especially in the aspects of health and poverty, owing to the pandemic.

Seventy-five percent of frontline health workers are women and it was only in May 2020 — the third month of the lockdown — when all health workers were finally insured by PhilHealth. Before and during the pandemic, women are also more likely to bear the brunt of poverty.

In 2017, an estimated 39 million women were employed in the informal economy, exposing them to increased hardship — unsafe working conditions, lower and irregular income, scant workers rights, and limited security of tenure, according to the ADB CARES program document.

Women were also likely to earn and save less as they may not have enough time to pursue job opportunities — this is because they are expected to raise children and look after older and infirm relatives.

In 2018, of the estimated 31.85 million poor Filipinos, 15.6 million — or about half — were women, the ADB CARES program document said.

Women were also likely to earn and save less as they may not have enough time to pursue job opportunities — this is because they are expected to raise children and look after older and infirm relatives.

Women also represent 60% of the wholesale and retail trade sector employment.

With the onset and the extended duration of the pandemic, women's risks and responsibilities — particularly in their livelihoods — are likely to increase.

Ever since the lockdown was implemented, some 436,000 small businesses have temporarily closed, another 1,000,000 have been operating with a skeletal workforce, and only 117,666 small businesses have remained open, the same ADB CARES program document said.

Without any support for poor and vulnerable families, poverty incidence is set to increase from 16.6% in 2018 to 20.7% in 2020, the ADB said.

Even with an economic recovery in 2021, poverty incidence for that year will hit 20.2%. This means that the pandemic is likely to make an additional five and a half million Filipinos poor, a significant part of whom will be women.

The ADB categorizes CARES Program as effective gender mainstreaming at entry and claims to strengthen government's pandemic response by addressing gender and social inclusion. It highlights the support to 4Ps and the emergency subsidy program to be provided by CARES, both of which have high rates of women beneficiaries.

The program document states that the CARES program will endeavor to: a.) ensure effective targeting of the most vulnerable households including women-headed households; and b.) consider the differential effects of the COVID-19 upon women and men, of all ages, due to socially constructed roles and norms.

It also said that technical assistance from the COVID-19 TASF Special Pool Resources is being prepared to respond to the gendered impacts of COVID-19 including support for domestic and/or gender-based violence.

The program has a gender monitoring matrix (see below) and has assigned a Gender Focal Point in the DoF who will be supported by ADB in overseeing the matrix's implementation. The Gender Focal point is responsible for collecting sex-disaggregated and gender-related information relevant to the Design and Monitoring Framework. Reports are supposed to include details on progress against the gender monitoring matrix (good practices, lessons learnt, etc.).⁴⁵



Packed lunches are offered to armed personnel patrolling city streets to check quarantine violators in Rizal province, which is close to Metro Manila.

⁴⁵ ADB CARES Program Gender Monitoring Matrix. <https://www.adb.org/sites/default/files/linked-documents/54138-001-sd-02.pdf>

Table 20. CARES Gender monitoring matrix

Activities Indicators	Targets	Responsibilities
Outcome: Rate of spread of the disease managed and poverty contained		
By April 2021, the government reports on the implementation of its fiscal stimulus packages totaling ₱205 billion with the use of sex disaggregated data.	The government’s COVID-19 Pandemic Response Plan delivers social assistance programming to 18 million households in keeping with the 4Ps framework for cash transfers ¹ (Baseline: 4.4 million beneficiaries of the 4P Program, 2019)	DOF, DSWD
	All project activities include the systematic collection of sex disaggregated data including, but not necessarily limited to, disaggregation by sex, age, composition of households—m/f heads, # of dependents—disability, ethnic group, etc. (other socio-economic indicators)	DOF, DSWD, DOH, DOT, DOLE
Output 1: Measures taken to combat the spread of the COVID-19 pandemic in the Philippines		
The health measures undertaken to combat the spread of the COVID-19 pandemic include a comprehensive public response including specific considerations for the risks taken by frontline	By October 2020, reimbursement of COVID-19 related hospital utilization through PhilHealth, disaggregated by sex, age, and geographic location.	DOH, DOF
	For all frontline health workers who may contract COVID-19, of which 75% of healthcare workers are female, the government will ensure (footnote 1): <ul style="list-style-type: none"> ● health insurance coverage through PhilHealth ● Special risk allowance of 25% of salary plus hazard pay ● ₱100,000 compensation for severe infection ● ₱1 million death benefit 	DOH
Output 2: Dedicated funds and programs for social protection and relief to affected people allocated and implemented		
The government’s emergency subsidy support during the COVID-19 pandemic effectively offers social protection and relief to the poor and most vulnerable	By June 2020, the government’s implementation of the <i>Bayanihan</i> Heal as One Act successfully targets the identified vulnerable groups: <ul style="list-style-type: none"> ● 4Ps households, of which 85.3% of the beneficiaries are women; ● Informal economy workers (e.g., independent, small scale producers and distributors of goods and services), of which 61% are women; and ● Other vulnerable populations including indigent senior citizens, persons with disabilities, pregnant and lactating women, solo parents, overseas workers in distress, indigenous peoples, homeless, and other vulnerable populations. 	DSWD, DOF, DOLE

Table 20. CARES Gender monitoring matrix (continued)

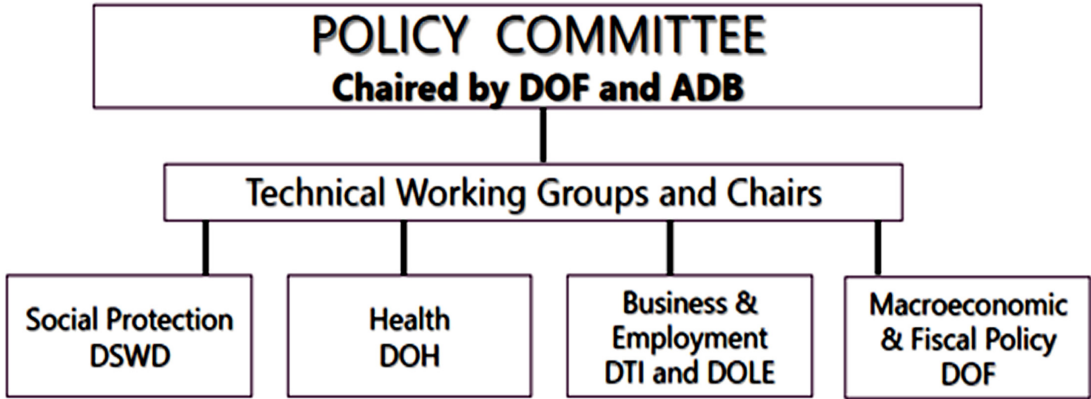
Activities Indicators	Targets	Responsibilities
Output 3: Economic stimulus for affected sectors delivered		
<p>The government's economic stimulus program provides an effective, equitable and inclusive response to the most affected sectors of the economy.</p>	<p>By December 2020, the government has delivered at least ₱30.6 billion of economic stimulus and support to highly affected sectors including those with high representation of women, such as:</p> <ul style="list-style-type: none"> ● Tourism, of which 49.2% are women;³ ● Wholesale and Retail Trade, of which 60% are women; ● Accommodation and Food Services, of which 53% are women; and ● Agriculture, which accounts for 25.5% of the Philippine workforce and provides income both directly and indirectly to women as farmers, own-account workers and unpaid family workers. <p>(Baseline: no support provided as of 4 April 2020)</p>	<p>DOF, DOLE, DOT, DA</p>

It also said that technical assistance from the COVID-19 TASF Special Pool Resources is being prepared to respond to the gendered impacts of COVID-19 including support for domestic and/or gender-based violence.

The program has a gender monitoring matrix (see below) and has assigned a Gender Focal

Point in the DoF who will be supported by ADB in overseeing the matrix's implementation. The Gender Focal point is responsible for collecting sex-disaggregated and gender-related information relevant to the Design and Monitoring Framework. Reports are supposed to include details on progress against the gender monitoring matrix (good practices, lessons learnt, etc.).

The stakeholders include the private sector, civil society organizations, and big data analytics



Members

1) NEDA, 2) DBM, 3) DOH, 4) DSWD, 5) DA, 6) DOLE, 7) DTI, 8) AIIB, 9) JICA, and 10) Inter-Agency Task Force (IATF)

Objectives

- Support the effective implementation of response, recovery programs
- Monitor and report on implementation progress
- Conduct policy dialogues, consultations

Spaces for CSO engagement

The CARES Program has an engagement framework for monitoring and guide implementation. Its objective is “to support effective implementation of the Philippines coronavirus disease (COVID-19) response and recovery plans and channel ADB’s support. ADB will provide technical assistance support for the monitoring framework.”⁴⁶

A Policy Committee was formed by the Philippine government tasked to monitor the overall

implementation of the special policies, plans, and programs adopted by the country in addressing the impact of COVID-19. It is chaired by a senior official from the DOF and must be co-chaired by ADB Vice President for the region.

The PC is tasked “to share information and report on the implementation of the COVID-19 plans and seek inputs for changes or improvements. ADB will share perspectives as inputs to the policy makers. Issues relating to gender equity and the poor and vulnerable people will be considered.”

⁴⁶ <https://www.adb.org/sites/default/files/linked-documents/54138-001-sd-06.pdf>

Citizens' monitoring way forward

1. Monitoring at agency program level. Citizens must further unpack and analyze the performance of agencies in implementation of critical COVID-19 response measures on health, social protection, and economic relief for vulnerable groups. The analysis should not only look at budget utilization but at effectiveness and efficiency in the delivery of the specific programs, identifying implementation (including targeting) issues and providing recommendations. Ideally, all agency programs will be covered in the in-depth program monitoring. Should limitations on time and resources make this unfeasible, a selection of key programs — preferably at least one from each of the output areas of health, social protection, and economic relief—will be covered.
2. Local-level implementation. Perspectives on the effectiveness and responsiveness of these programs at the grassroots level need to be taken into account. Local case studies can be done on at least local government units (LGUs) and should elicit a better understanding of issues, problems, and learnings on local-national government coordination, decentralization of beneficiary targeting and service delivery of national emergency responses, and other implementation concerns. The case studies should also look into alternatives for a less centralized emergency response delivery system.
3. In-depth analysis of the gender-responsiveness of the CARES program — its design, implementation mechanisms, and monitoring and evaluation system. CSOs which are experts in gender programming, and the Philippines' Commission on Women (PCW) should be mobilized to lead this review and offer policy, program, and fiscal recommendations to government, AIIB, and other creditors for current and future improvements in emergency response financing.
4. Document and promote stories of experiences by specific women or women's groups to highlight real-life impacts of response measures, the peculiar experiences and perspectives of women and girls, and the need for gender-responsiveness in programming and budgeting.
5. Macro-fiscal and economic impact of COVID-19 financing in the short and long-term should also be monitored. CSOs engaged in tax and fiscal justice should be mobilized to lead citizens' assessment of international financial structures and how they affect the Philippines' COVID-19 financing strategies.