



Second Disaster Risk Management Development Policy Loan with a CAT-DDO (P155656)

EAST ASIA AND PACIFIC | Philippines | Social, Urban, Rural and Resilience Global Practice Global Practice | IBRD/IDA | Development Policy Lending | FY 2016 | Seq No: 4 | ARCHIVED on 21-Sep-2017 | ISR29426 |

Implementing Agencies: Department of Finance, Department of Finance

Key Dates

Key Project Dates

Bank Approval Date:22-Dec-2015

Effectiveness Date:15-Apr-2016

Planned Mid Term Review Date:--

Actual Mid-Term Review Date:--

Original Closing Date:30-Sep-2018

Revised Closing Date:30-Sep-2018

Program Development Objectives

Program Development Objective (from Program Document)

The development objective of the proposed project is to enhance the technical and financial capacity of the Government of the Philippines to reduce disaster risk and manage the socio-economic and fiscal impacts of natural disasters.

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	● Satisfactory	● Satisfactory
Overall Implementation Progress (IP)	● Satisfactory	● Satisfactory
Overall Risk Rating	● Moderate	● Moderate

Implementation Status and Key Decisions

Implementation is progressing under the leadership of the Department of Finance. The DOF and the Technical Working Group are implementing planned activities, including:

- 1 . Development of a "Socio-economic Resilience Index" by NEDA, using the Socio-economic Resilience methodology, starting with national and regional indices using data from the 2015 Family Income and Expenditure Survey.
- 2 . Presentation by DPWH (to NEDA) of revisions to the National Building Code of the Philippines, in the form of a draft 'Philippine Building Act', integrating disaster risk reduction and climate adaptation.
- 3 . Implementation of 72 Provincial Commodity Investment Plans (developed using the expanded Vulnerability and Suitability Assessment) under the Philippine Rural Development Program.
- 4 . Development by the Housing and Urban Development Coordinating Council of a draft policy framework for post-disaster shelter assistance, to be adopted in the NEDA Disaster Recovery Framework.
- 5 . Rollout of the Multi-hazard vulnerability assessment methodology for priority cultural heritage sites by the Department of Tourism, Tourism Infrastructure and Economic Zone Authority, and the Intramuros Administration.



6 . Development of the implementation plan for the long-term Disaster Resilience Insurance Facility, based on experiences from the ongoing parametric insurance pilot.

Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	● Substantial	● Substantial	● Substantial
Macroeconomic	● Low	● Low	● Low
Sector Strategies and Policies	● Moderate	● Moderate	● Moderate
Technical Design of Project or Program	● Low	● Low	● Low
Institutional Capacity for Implementation and Sustainability	● Moderate	● Moderate	● Moderate
Fiduciary	● Moderate	● Moderate	● Moderate
Environment and Social	● Moderate	● Moderate	● Moderate
Stakeholders	● Low	● Low	● Low
Other	--	--	--
Overall	● Moderate	● Moderate	● Moderate

Results

Results Indicators

► A methodology for national-level risk-informed planning has been developed and applied by the National Economic and Development Authority in planning and public investment programming. (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Not developed	Pilot version of the Methodology publicly launched	Pilot version of the Methodology publicly launched and Socio-economic Resilience indicator, baseline, and target for the Philippine Development Plan are under development	Methodology developed and applied in planning and public investment programming
Date	31-May-2015	05-Apr-2017	19-Sep-2017	30-Sep-2018

Comments

The overall strategic framework of the Philippine Development Plan (PDP) puts forth the outcome *“Individuals and communities will be more resilient”*. The PDP states that building up resilience involves reducing exposure to hazards, mitigating the impact of the risks, and accelerating recovery if and when the risk materializes. The Socio-economic Resilience methodology is exactly in line with this paradigm in the PDP, and it was agreed that a “Socio-economic Resilience Index” will be developed using the model, starting with national and regional



indices using data from the 2015 Family Income and Expenditure Survey. Input data will then be progressively refined, and the baseline value for this PDP period will be updated upon the release of the 2018 Family Income and Expenditure Survey. It was also agreed that technical support would be provided to assist NEDA in developing a target value of the “Socio-economic resilience index” that would be achievable given the Targets already quantified in the individual chapters of the PDP.

► Disaster risk reduction measures are integrated in revisions to the National Building Code of the Philippines (NBCP) developed by the Department of Public Works and Highways. (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Not developed	National and regional consultations on draft revisions completed	Revisions integrating disaster risk reduction measures developed for the NBCP in the form of a draft 'Philippine Building Act' to be presented by the Department of Public Works and Highways to the National Economic and Development Authority	Revisions integrating disaster risk reduction measures are developed for the NBCP
Date	31-May-2015	05-Apr-2017	19-Sep-2017	30-Sep-2018

Comments

The primary recommendation arising from 18 months of comprehensive, cross-sectoral, regional and national consultations is to move toward a new Philippine Building Act (PBA) to supersede the NBCP, the current provisions of which were found by DPWH to be severely underdeveloped when it comes to the safety of structures against natural hazards. Another major finding of the review and consultation process is that the 40-year old NBCP is restrictive because of the level of detail it prescribes, which could otherwise be integrated in the Implementing Rules and Regulations of the proposed new Act, or in various reference standards.

Based on specific recommendations on the form and substance of the proposed PBA, the National Building Code Development Office presented a draft Philippine Building Act to the Secretary of Public Works (as the National Building Official) and the Management Committee of the Department of Public Works and Highways (August 23, 2017). DPWH will then present the proposal to NEDA, in advance of submission to the legislature for enactment into law, and fully meeting the target for this indicator.



► Provincial Commodity Investment Plans (PCIPs) developed using the expanded Vulnerability and Suitability Assessment (eVSA) tool are approved by the Department of Agriculture under the Philippine Rural (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	47 PCIPs developed and approved	71 PCIPs developed and under implementation	80 PCIPs developed and approved; 72 under implementation	80 PCIPs developed and approved; 72 under implementation
Date	09-Jul-2015	05-Apr-2017	19-Sep-2017	30-Sep-2018

Comments

As of August 2018, 80 Provincial Commodity Investment Plans have been approved and the final one (Biliran Province) is being developed (vis-à-vis the target of 80 by September 2018). Of the 80 provinces, 72 PCIPs are under implementation (approved sub-projects ongoing as specified in each Province's PCIP), fully meeting the target for this result indicator.

► Policy framework for post-disaster shelter assistance (through recovery and reconstruction phases) formulated by the member agencies of the Social Development Committee and endorsed to the Social Deve (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Not formulated	Draft policy framework developed and under consultation	Draft policy framework developed for incorporation in the National Economic and Development Authority's Disaster Recovery Framework	Policy framework formulated and endorsed to Social Development Committee – Technical Board
Date	31-May-2015	05-Apr-2017	19-Sep-2017	30-Sep-2018

Comments

Under the convening authority of the Housing and Urban Development Coordinating Council (HUDCC), a draft of the policy framework was developed from September through December 2016, and is being refined together with key shelter agencies and other stakeholders. The framework will be finalized for endorsement to the NEDA Social Development Committee - Technical Board. In parallel, the policy framework is being incorporated in the Disaster Rehabilitation and Recovery Framework that NEDA is currently finalizing.



► Multi-hazard vulnerability assessments of priority cultural heritage sites completed by the Department of Tourism and assessment methodology adopted in the Philippine Standards for Conservation. (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	2 sites assessed	Vulnerability assessment completed for 18 sites	Vulnerability assessment completed for 18 sites and assessment methodology adopted by the Intramuros Administration and the Tourism Infrastructure and Enterprise Zone Authority	Vulnerability assessment completed for 5 priority cultural heritage sites and assessment methodology adopted in the Philippine Standards for Conservation
Date	31-May-2015	05-Apr-2017	19-Sep-2017	30-Sep-2018

Comments

The target has been achieved for the number of vulnerability assessments completed. As the Philippine Standards for Conservation are still under development, the Tourism Infrastructure and Enterprise Zone Authority, as well as the Intramuros Administration, have promulgated issuances adopting the multi-hazard vulnerability assessment methodology. The two agencies are currently rolling out the use of the methodology for the assessment of historical assets within their respective portfolios.

► Joint catastrophe risk insurance program for Local Government Units (LGUs) developed by the Department of Finance. (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Not developed	Institutional structure for the Local Disaster Resilience Insurance Facility, product design, and premium co-financing mechanisms are being developed for 17 provinces	Joint catastrophe risk insurance program piloted by DOF for 25 provinces and relevant national government agencies	Long term program is developed with 10 LGUs participating
Date	31-May-2015	05-Apr-2017	28-Jul-2017	30-Sep-2018

Comments

An allocation of PHP 1 billion was made, under the National Disaster Risk Reduction and Management Fund of the 2017 General Appropriations Act, for the insurance coverage of government facilities against natural calamities. In accordance with the provision, DOF and the Department of Budget and Management issued Joint Memorandum Circular No. 2017-1 on June 30, 2017, to provide guidelines on the implementation, monitoring, and reporting on the use of the allocation.

On this basis, DOF piloted a joint catastrophe risk insurance program, with the placement of a parametric catastrophe risk transaction on 28 July 2017. Under the program, GSIS provides the government with an annual parametric insurance policy for catastrophe risk, with the World Bank acting as an intermediary between GSIS and a panel of international reinsurance companies. The program provides annual aggregate coverage of US\$206 million against typhoons and earthquakes for national government assets, as well as typhoon coverage for



25 provinces.

Long Term Program. DOF and relevant stakeholders reconfirmed that the pilot should not be a one-time transaction, and expressed the need for an institutionalized, sustainable mechanism, which could rely on a regular budget appropriation. A design for a long-term program is under development, drawing on consultations held over the past two years with national and local government officials, as well as extensive legal, institutional, and technical analysis. The proposed design will be presented by DOF to stakeholders across government to develop an action plan for implementation.

► Number of line agencies that have developed and piloted their Disaster Risk Financing and Insurance (DRFI) strategy. (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Not developed	Scope of DRFI Strategy developed for 2 line agencies	Consultations ongoing with the Department of Public Works and Highways and the Department of Education for the development of their respective DRFI strategies. Pilot completed through the joint catastrophe risk insurance program	2 agencies have developed and piloted their DRFI strategy
Date	31-May-2015	05-Apr-2017	19-Sep-2017	30-Sep-2018

Comments

The placement of the insurance coverage described under Result Indicator B1 represents a pilot implementation of the DRFI strategies of the beneficiary national government agencies, as specified in the DOF/DBM Joint Memorandum Circular No. 2017-1.

► Design of property catastrophe risk insurance pool for homeowners established by the Department of Finance and the Insurance Commission. (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Not established	Design is under development	Design is under review by the Department of Finance	Design established
Date	31-May-2015	05-Apr-2017	19-Sep-2017	30-Sep-2018

Comments

DOF and the Insurance Commission are reviewing the design proposed by the Philippine Insurers and Reinsurers Association on the establishment of a Philippine Catastrophe Insurance Pool for homeowners and SMEs. It was agreed by DOF that the design of this facility should seek to support the implementation and enforcement of the proposed Philippine Building Act (Result Indicator A2) by providing



incentives for compliance, e.g., through differentiation of premium rates.

► Program developed and commenced for post-disaster emergency income support by the Department of Budget and Management, Department of Social Welfare and Development, and the Department of Finance. (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Not developed	Not developed	Program operations manual under development	Program developed and commenced
Date	31-May-2015	05-Apr-2017	19-Sep-2017	30-Sep-2018

Comments

Grant financing has been secured by the World Bank for assistance on the technical and operational aspects of establishing a scalability mechanism for emergency income support, as well as to establish the linkages to the national disaster risk financing and insurance strategy. Consultants have been engaged to work with DSWD on taking stock of previous experiences, documenting lessons learned, and developing a draft operations manual for future use of emergency cash transfers through existing safety net mechanisms.

► Catastrophe risk insurance database template updated and adopted by the Insurance Commission. (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Not updated	Updated template developed and under industry consultations	Updated template developed and undergoing final industry consultations	Updated template adopted
Date	31-May-2015	05-Apr-2017	19-Sep-2017	30-Sep-2018

Comments

The Insurance Commission will issue a circular for the adoption of the catastrophe risk insurance database templates by September 2017.

Overall Comments



Data on Financial Performance

Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P155656	IBRD-85760	Effective	USD	500.00	500.00	0.00	2.50	497.50	1%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P155656	IBRD-85760	Effective	22-Dec-2015	20-Jan-2016	15-Apr-2016	30-Sep-2018	30-Sep-2018

Tranches

Restructuring History

There has been no restructuring to date.

Related Operations

There are no related projects.