Stories of Impact

A series highlighting achievements in disaster risk management

Supporting Reforms Towards Disaster Resilience in the Philippines

REGION: EAST ASIA AND THE PACIFIC
FOCUS: FINANCIAL PROTECTION, RISK REDUCTION
COUNTRY: THE PHILIPPINES

RESULTS:

- $1 billion in contingent credit has been secured through innovative finance instruments, ensuring that budget resources are not diverted from ongoing development programs.
- By 2014, all 80 provinces and over 91% of cities/municipalities established DRM offices. To accelerate these reforms, capacity building activities for local government agencies benefited from GFDRR funding and technical expertise.
- 90% of provinces have mainstreamed climate change adaptation and disaster risk reduction measures into their development plans. These plans, once implemented, are expected to result in investments that are selected, located and designed to standards minimizing the vulnerability of communities.

Since 1990, the Philippines has been affected by 565 natural disaster events, which have claimed the lives of nearly 70,000 Filipinos and caused an estimated $23 billion in damages, making it one of the most disaster-prone countries in the world. Typhoons account for 74% of these fatalities and 70% of agricultural damage. Since 2009, the Global Facility for Disaster Reduction and Recovery (GFDRR) and the World Bank have supported the government of the Philippines in mainstreaming disaster resilience through technical assistance, which strengthens pre-disaster planning and risk reduction interventions. The government has also worked to implement a comprehensive disaster risk financing strategy.

This ongoing engagement has benefited from strong coordination with the government of Japan, the UK Department for International Development (DFID), the Asian Development Bank (ADB), the Japan International Cooperation Agency (JICA), and the GFDRR-supported World Bank Disaster Risk Management (DRM) Hub, Tokyo.

GFDRR
Global Facility for Disaster Reduction and Recovery
WORLD BANK GROUP

CONTEXT:

Beyond frequent earthquakes and volcanic eruptions, an average of 20 typhoons make landfall every year in the Philippines. It's also the only country in the Asia-Pacific region in which the number of fatalities from disasters has increased in recent years. Typhoon Yolanda (Haiyan), considered to be a "new normal" for disasters in the country, caused over 6,200 reported fatalities in 2013, with another 1,700 people reported missing. The total damage and losses from this event were estimated at $12.9 billion, decreasing economic growth by about 0.9% in 2013, and another 0.3% in 2014. As a consequence, about 2.3 million people fell below the poverty line.

APPROACH:

Comprehensive DRM legislation in 2010 positioned the Philippines as the first country in the Asia-Pacific region to secure a $500 million Development Policy Loan (DPL) with a Catastrophe-Deferred Drawdown Option (Cat-DDO). The largest Cat-DDO approved by the World Bank so far, this mechanism provides immediate access to recovery funding after a natural disaster.

In 2015 the Philippines secured a second DPL with a Cat-DDO, with access to another emergency credit line of $500 million available after a Presidential declaration of a "state of calamity."

Both Cat-DDOs, in combination with GFDRR funding and technical assistance, provide the government with a platform for sustaining innovative reforms by strengthening risk reduction investment planning and regulations, as well as enhancing the financial capacity to manage natural disaster risk at national, local, and individual levels.

NEXT STEPS:

GFDRR and the World Bank are now supporting this ground breaking reform agenda by working with:

- the Department of Public Works and Highways to integrate DRM standards into the first revision of the National Building Code of the Philippines since its enactment in 1977;
- the Department of Tourism for risk reduction for cultural heritage assets, and
- the Department of Education to develop retrofitting solutions and cost estimates for at-risk school buildings in Metro Manila.

"The Philippines is among the most vulnerable countries in the world. Together, the 20 most vulnerable countries face escalating losses of $44.9 billion due to climate-related natural disasters alone. Inaction is set to cost us even more. With the number set to multiply almost ten-fold by 2030, amounting to $418 billion, we turn to innovative financing mechanisms to boost our resilience."

– Cesar V. Purisima, Secretary
The Philippines Department of Finance

LESSONS LEARNED:

Access to innovative financial DRM solutions encourages government-led advocacy to reduce climate vulnerability. The Philippines assumed the presidency of the Climate Vulnerable Forum of finance ministers of the Vulnerable Twenty Group (V20), urging at-risk countries to be proactive in the design of novel financial protection tools and risk-pooling instruments.

The Department of Finance's role in the both Cat-DDOs led to deep involvement and coordination of government agencies' DRM programs.
For example, the DoF is collaborating with Department of Social Welfare and Development to set up a system of emergency income support through post-disaster cash transfers, which will help institutionalize and bring to scale rapid post-disaster assistance to the poorest and most vulnerable populations.

Contact
Artessa Saldivar-Sali
asaldivarsali@worldbank.org
www.gfdrr.org

*ALL MONETARY VALUES IN USD