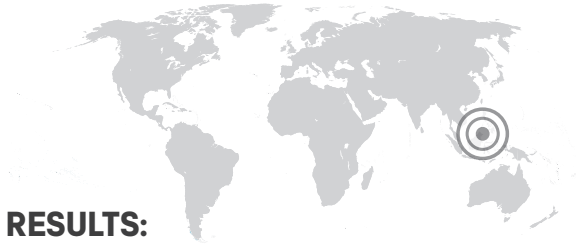


Stories of Impact

A series highlighting achievements in disaster risk management

Building Disaster Resilience in the Philippines

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



RESULTS:

- GFDRR and the World Bank are supporting the government of the Philippines as it strengthens its financial resilience toward disasters and scales up its commitment to disaster risk management. As part of this effort, the Disaster Risk Management Development Policy Loan with a Catastrophe-Deferred Drawdown Option (Cat-DDO) provides the government with up to \$500 million in rapid liquidity in the aftermath of natural disasters.
- Developed with GFDRR and World Bank support, the Manila Flood Risk Master Plan includes cost prioritization proposals and adaptive measures to make the city and its 21 million residents safe from flood risks. The government has confirmed funding to implement this plan over the next 25 years, at an estimated cost of \$6-8 billion, demonstrating its long-term commitment to disaster risk management.



The Philippines is one of the most vulnerable nations in the world to natural hazards. It is ranked fourth in terms of exposure to at least three hazards, fourth in mortality risk, and ninth in economic impact to GDP, with an estimated 78.7% of GDP tied to areas at risk. It is estimated that the economic impacts of natural disasters from direct damages have cost an average of 0.7% of GDP per annum from 1990 to 2008.

Based on the government-led Post-Disaster Needs Assessment (PDNA) following the devastating 2009 typhoons, the World Bank, in close collaboration with the Global Facility for Disaster Reduction and Recovery (GFDRR), extended analytical support to formulate a disaster risk financing strategy to reduce the fiscal burden arising from the recurring costs of disasters. As a result, the government of the Philippines has not only reduced the periodic fiscal burden, but also streamlined relief and recovery activities.



CONTEXT:

The National Disaster Risk Reduction and Management Act of 2010 (Republic Act 10121) is a landmark legislation that shifted the government of the Philippines' long-standing focus from relief to disaster risk reduction and prevention. To implement the new requirements set by this legislation, the Philippine government formulated a national disaster risk management (DRM) plan, consistent with its commitments under the Hyogo Framework for Action, as well as integrated risk reduction in the mid-term Philippine Development Plan. Over the last five years, GFDRR and the World Bank have provided the Philippines with technical support, including comprehensive DRM planning, institutional capacity building, as well as the formulation of a new risk financing policy strategy and action plan to enable the government to implement related reforms.

At a municipal level, the Metro Manila Flood Master Plan has been used as a template for the government of the Philippines to promote a more comprehensive approach to flood risk management that strikes a safe balance between engineering solutions and social measures. The high caliber engineering work has also benefitted from a wide range of multi-stakeholder consultations – for example with informal settler families living along the waterways – to ensure that sustainable outcomes are as inclusive as possible.

APPROACH:

Based on GFDRR and the World Bank's PDNA following the devastating typhoons in 2009, the Philippines became the first country in the East Asia and Pacific region to take advantage of the contingent credit facility Cat-DDO. This innovative lending mechanism can be triggered after a government declares a state of emergency, such as after a massive flood. It allows governments to respond quickly to emergency needs without diverting resources from longer-term development programs. The Cat-DDO is the largest financing operation of this type provided by the World Bank. Apart from being a flexible risk financing instrument, it can also facilitate longer term, sustainable investments and policy reforms that can significantly enhance the country's disaster resilience.

NEXT STEPS:

While the Metro Manila Flood Master Plan is ongoing, the government has begun considering additional investments in DRM. At a federal level, the government is including the danger from natural disasters as part of its yearly fiscal risk statement to improve its financial options and identify different layers of risk. GFDRR and the World Bank also seek to support the country's Department of Education in improving disaster-resilient infrastructure, for example by linking design and construction partners to ensure that appropriate designs, standards, and practices are adhered to for both new construction and rehabilitation of classrooms and school buildings. In addition, GFDRR and the World Bank plan to support the Department of Tourism's efforts to reduce the vulnerability of heritage structures to natural hazards.

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*ALL MONETARY VALUES IN USD



"Typhoons Ondoy and Pepeng affected close to one million people, many of whom belong to the poorest of the poor. Preventing similar disasters entails reforms in key governance issues such as land use planning, housing, water management, environmental protection, and disaster risk reduction. This grant provides us additional resources to accelerate these reforms."

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

LESSONS LEARNED:

A proactive disaster risk financing strategy helps countries with high exposure to hazards to better manage disaster risks and external shocks by streamlining disbursements to undertake rapid response and recovery operations after a disaster.

The Philippines put in place such a strategy, complete with contingent credit mechanisms, with the help of GFDRR and the World Bank. As a result, within two days of tropical storm Sendong striking, the government was able to access \$500 million through the Cat-DDO, proving the effectiveness of this fast-disbursing mechanism and enabling the government to provide life-saving provisions to disaster-affected communities throughout the country without risking support to long-term development activities.

Modest but insightful technical assistance can lead to robust risk reduction investments if appropriately targeted. For example, the government has already started modernizing pumping stations, reviewing solid waste management procedures, and initiating the relocation of at-risk families to safer areas based on the World Bank's recommendations for Metro Manila. It is also undertaking detailed feasibility and design studies for priority investments in areas such as flood management, dam and river improvements, and land reclamation to reduce flood risk.