Report Number : ICRR0022476

1. Project Data

Operation ID	Operation Name
P155656	Second DRM DPL with a CAT-DDO
Country	**Practice Area(Lead)**
Philippines	Urban, Resilience and Land

L/C/TF Number(s)	Closing Date (Original)	Total Financing (USD)
IBRD-85760	30-Sep-2018	500,000,000.00
Bank Approval Date	**Closing Date (Actual)**	
22-Dec-2015	30-Mar-2020	

	IBRD/IDA (USD)	Co-financing (USD)
Original Commitment	500,000,000.00	0.00
Revised Commitment	500,000,000.00	0.00
Actual	500,000,000.00	0.00

Prepared by	Reviewed by	ICR Review Coordinator	Group
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2. Project Objectives and Policy Areas

a. Objectives

The Program Document (PD, page 2) states that the objective of the Second Disaster Risk Management Development Policy Loan with a Catastrophe-Deferred Drawdown Option (Cat-DDO) -- henceforth, the Second DRM DPL-- 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." (Program Document dated December 1, 2015)

The Department of Finance (DOF) of the Government of the Philippines (GOP) was the Borrower and the Implementing Agency.

The Second DRM DPL was designed based on a World Bank-supported programmatic technical assistance (TA), particularly its risk reduction and risk financing aspects. The TA program—Reducing Vulnerability to Natural Disasters (P148631)—supported analytical activities with the goal of enhancing GOP's capacity to manage disaster risk through (i) measures to build resilience in key sectors and (ii) sustainable reconstruction and recovery, including disaster risk reduction and disaster risk finance and insurance. These analytical activities supported the high-level policy dialogue and the monitoring of the results indicators under the Second DRM DPL.

b. Pillars/Policy Areas

To achieve the Program's development objective, specific policy actions would be undertaken under two main pillars:

Pillar A: Strengthening risk reduction investment planning and regulations

Pillar B: Enhancing the financial capacity to manage natural disaster risk

The policy actions under each of these two pillars are presented below (the outcomes of these actions are assessed under Section 5 on Efficacy):

To reduce disaster risks by strengthening investment planning and regulations (Pillar A), the Program required the following prior actions:

Prior Action 1**:** The National Economic and Development Authority (NEDA) has issued the Midterm Update to the Philippine Development Plan, revising the Borrower's investment programming strategy to prioritize disaster risk reduction and management according to levels of vulnerability to multiple hazards.

Prior Action 2**:** The Borrower has provided specific allocations for Risk Resiliency Programs, through the 2015 General Appropriations Act.

To strengthen the Government's financial capacity to manage natural disaster risk (Pillar B) and deepen engagement in disaster risk financing instruments, the Program necessitated the following prior actions:

Prior Action 3**:** The Department of Finance has adopted the Disaster Risk Financing and Insurance (DRFI) Strategy, which provides a comprehensive framework for the implementation of financial protection solutions against natural disasters at national, local, and individual level.

Prior Action 4**:** The Borrower has included special provisions in the General Appropriations Act to allow four agencies (Department of Education, Department of Public Works and Highways, Department of Health, and Department of Transportation and Communications) to use the National Disaster Risk Reduction and Management (DRRM) Fund to pay for insurance premiums.

The objectives of the Second DRM DPO are set at an appropriate level that is consistent with the scope of the prior actions. More specifically, the actions of (i) mainstreaming risk-informed and risk-prioritized investment planning in the Philippine Development Plan, (ii) allocating resources for risk resiliency, (iii) adopting a strategy for insuring and financing disaster risks, and (iv) allowing four government agencies to use a national disaster fund to finance insurance premiums--are all of sufficient scope and ambition to credibly achieve the properly pitched DPO objective of "enhancing the technical and financial capacity of the government to reduce disaster risk and manage the socio-economic impact of natural disasters".

c. Comments on Program Cost, Financing, and Dates

Program Cost. The program used the Catastrophe Deferred Drawdown Option (Cat DDO) instrument to access a contingent credit line of US$500 million on request following the official declaration of an emergency The actual disbursement was US$496.26 million. The reason for the difference is that for a Cat DDO, there is a front-end fee of 0.50 percent on the loan amount and a renewal fee of 0.25 percent on the undisbursed amount.

Financing. The Cat DDO's credit line was the sole financial instrument.

Key Dates. The program was approved on December 22, 2015 and became effective on April 15, 2016, with an original closing date of September 30, 2018.

On September 15 and 16, 2018, Category 5 Tropical Cyclone Mangkhut hit the Philippines, prompting the President to declare a State of Calamity. Over 700,000 families (around 3 million people) were impacted by the cyclone, injuring 138 and killing 68 in seven regions including the National Capital, and causing direct damages to infrastructure and agriculture estimated at around US$623 million. (Source: National Disaster Risk Reduction and Management Council)

On September 27, 2018, in the aftermath of Tropical Cyclone Mangkhut, the Government requested the World Bank to draw down the undisbursed amount of US$497.5 million. Within two days, the Bank transferred US$496,256,250, while retaining US$1,243,750 of an undisbursed amount, which would be sufficient to capitalize the renewal fee from the loan.

On September 28, 2018, the Bank renewed the Program’s drawdown period, and at GOP's request the loan closing date was extended by 36 months, from September 30, 2018 to September 30, 2021, to maintain the dialogue on key policy and institutional actions intended to improve the country’s physical and financial resilience to natural disasters.

3. Relevance of Objectives & Design

a. Relevance of Objectives

Country Context. Among the development challenges facing the Philippines are natural disasters, whose frequency and severity place the country near the top of global vulnerability rankings. This high exposure to natural hazards constitutes a major threat to the country’s economic growth. The Philippine government at all levels continues to face complex and intense disaster risks. Over the years, the government has engaged in reforms and taken actions to address these, thus laying the groundwork for this Second DRM DPO under review.

The program objectives were aligned with government strategies. At the apex, the Philippine Development Plan (PDP) recognizes the key role of disaster risk reduction and management (DRRM) in safeguarding hard-won development gains, focusing particularly in the most vulnerable areas. In turn, the National DRRM Plan aims to strengthen the government's technical capacity to build and institutionalize measures for

reducing disaster risk by (i) mainstreaming DRRM in policy formulation and development planning and (ii) developing risk transfer mechanisms that enhance social and economic protection and increase resilience of communities to disasters. Further groundwork for this Second DPL was laid by successive governments through major reforms in public financial management that included disaster risk financing and insurance. Over the past decade, the Philippines has adopted progressively sophisticated post-disaster financing instruments, starting in 2011 with contingent credit (e.g., the World Bank-financed First DRM DPO with a CAT-DDO), proceeding to catastrophe insurance in 2017, and moving towards catastrophe bond issuance.
There was a need for further improvements in capacity to manage disasters. These past achievements and continuing efforts are underpinned by the DRRM Act of 2010. However, challenges remained in implementing the law in the years preceding the Second DRM DPO. The implementation of the Act had gaps in two areas: (i) planning that is informed by risks across sectors and geographical areas; and (ii) the scaling up of risk reduction investments. More specifically, there was a need to establish a strong foundation for rational investment programming with prioritization tools, updated and rigorous building codes and technical standards to promote disaster resilience in infrastructure investments, and provincial investment plans that are informed by levels of vulnerability. The Act also did not clearly define functions for coordination and implementation of recovery and reconstruction, especially for post-disaster shelter assistance. Finally, stronger support was required for the comprehensive management of the financial impacts of disasters, including risk transfer mechanisms among other instruments. Taken together, addressing these weak areas would help in strengthening the government’s capacity to manage disaster risk.
In sum, the DPO's objectives were of satisfactory relevance to addressing gaps and weaknesses in two specific main areas: (i) enhancing the Government’s technical capacity for risk-informed cross-sectoral planning and risk reduction; and (ii) implementing actions to strengthen the Government’s financial capacity to manage natural disaster risk.
Relevance to Current Bank and Government Strategies. The relevance of the objective of this Second DRM DPL to the Bank's current strategy is **satisfactory**. According to the latest Country Partnership Framework (CPF) covering July 2019 to December 2023, a policy priority of the Systematic Country Diagnostic (SCD) is keyed to “addressing the country’s intense vulnerabilities by scaling up efforts to protect the country from natural disasters and climate change impacts…” One of the CPF's three focal areas is "Promoting Peace and Building Resilience, by addressing the country’s core vulnerabilities of conflict alongside natural disasters and climate change", for which the corresponding CPF objective is “Increased resilience to natural disasters and climate change.” The CPF indicates (paragraph 45) that "WBG support to the Philippines will aim to help the country improve resilience to shocks such as situations of conflict and natural disasters.” There is a clear and full congruence of these CPF goals with the PDO.
The relevance of the Second DRM DPO's objective to the Government's current strategy is also **satisfactory**. One of the key goals highlighted in the 2017-2022 Philippine Development Plan (PDP) is to empower communities by: (i) increasing their capacity to address conflicts and reduce their vulnerabilities; and (ii) strengthening the implementation of climate change adaptation and disaster risk reduction across sectors, particularly at the local level, as well as strengthening institutional response to disasters. (CPF, paragraph 65) The PDO is also fully consistent with the Government’s National DRRM Framework, as evidenced by GOP’s stated commitment to “safer, adaptive and disaster resilient Filipino communities towards sustainable development.” Finally, the objective of the DPO is directly relevant to the need for addressing gaps in implementing the DRRM Act, specifically to strengthen investment planning and regulations, and to enhance financial capacity to manage risk, both of which constitute the goals of the Second DRM DPO’s two Pillars.

Rating
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b. Relevance of Design

Rating
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4. Achievement of Objectives (Efficacy)

Objective 1

Objective

To enhance the technical and financial capacity of the Government of the Philippines to reduce disaster risk and manage the socioeconomic and fiscal impacts of natural disasters.

Rationale

The Second DRM DPL's efficacy in achieving its PDO was linked to achieving results under two Pillars, as summarized below.

Pillar A sought the strengthening of risk reduction in investment planning and regulations. Pillar A was supported by Prior Actions 1 and 2, and progress was measured by Results Indicators A1 to A5. The results achieved strengthened the GOP's risk reduction investment planning and regulations, as follows:

(i) The DPL developed and completed a methodology to plan for socio-economic resilience at the national level that is informed by disaster risk. With the aim of informing planning and the programming of public investments, NEDA developed a Socio-economic Resilience Methodology between 2015-2018, which assessed the benefits of interventions to build resilience in various provinces in the Philippines.

Those interventions included: (i) climate adaptation measures, (ii) strengthening and retrofitting of buildings and infrastructure, (iii) early warning systems, and (iv) improved access to banking, insurance policies, and social protection systems to help people reduce their underlying risk, prepare for disasters and extreme climate events, and recover from shocks. The methodology is being used by NEDA as a tool to incorporate disaster resilience considerations in the PDP 2016–2022.

As part of the Bank's TA program, the Bank supported the analytical work for the Methodology, and also contributed to the design of a Socio-economic Resilience Index to monitor the PDP target of "Individuals and communities will be more resilient." The Index directly measured the socio-economic resilience of the poor and non-poor at the provincial, regional, and national levels, through a range of indicators such as those relating to social protection and insurance. NEDA applied both the Socio-economic Resilience Methodology and Socio-economic Resilience Index in the PDP's 2019 Midterm Update with the aim of using the methodologies to maximize resilience gains across sectors and geographic areas. The efficacy of completing and utilizing a methodology to carry out disaster risk-informed planning and investment programming--as measured by RI A1--is rated **Substantial**.

(ii) The DPL helped to integrate measures for disaster risk reduction in the Building Code of the Philippines. The Department of Public Works and Highways (DPWH) integrated measures into the NBCP to reduce disaster risks, by revising national building regulations in order to incorporate climate change and resilience factors into national building regulations. Moreover, in 2018, DPWH developed a new Philippine Building Act (PBA) to supersede the NBCP. Filed in Congress under House Bill 7804. The Bank continues to assist DPWH in the rollout and implementation of the PBA. The efficacy of integrating measures for disaster risk reduction in the Building Code of the Philippines--as measured by RI A2--is rated **Substantial**.

(iii)The DPL mainstreamed in 81 provinces the use of Vulnerability and Suitability Assessments for developing Provincial Commodity Investment Plans (PCIPs). By September 2018, the Department of Agriculture (DA) had approved 81 PCIPs, while mainstreaming the eVSA tool into programs led by DA under the Philippine Rural Development Program (PRDP). All the approved PCIPs have been adopted by the respective Provincial Development Councils. The LGUs and Regional Development Councils are using the three-year rolling PCIPs for (i) technically based planning and (ii) mobilizing additional investment resources from other government programs and through private sector investments. Resource mobilization was aggregated through the Risk Resiliency Programs and thus the development and updating of the PCIPs constituted the downstream indicator to track implementation. While serving as a basis for identifying and selecting priority subprojects for PRDP funding, the PCIPs also help to ensure that the agriculture investments address vulnerability to natural hazards and climatic suitability for various commodities. The PCIPs are updated as needed (57 have been updated; 21 are being updated). The efficacy of mainstreaming the use of Vulnerability and Suitability Assessments in PCIPs--as measured by RI A3--is rated **High**.

(iv) The DPL designed a Post-Disaster Shelter Recovery Policy Framework (PDSF). The agencies of the Social Development Committee formulated a PDSF to support the Housing and Urban Development Coordinating Council. The Council approved the Framework in January 2018, and NEDA's Social Development Committee-Technical Board endorsed the PDSF in September 2018. The PDSF was designed to continually improve the country's capacity to support full recovery of households, shelters, and communities after natural disasters occur. In 2019, the PDSF was made part of the Philippine Disaster Rehabilitation and Recovery Framework, which was developed by NEDA. The adoption of the Framework was endorsed by the National Disaster Risk Reduction and Management Council (NDRRMC) as mandated under the Philippine Disaster Risk Reduction and Management (DRRM) Act (RA No. 10121). The efficacy of designing, adopting, and implementing a Post-Disaster Shelter Policy Framework--as measured by RI A4--is rated **High**.

(v) The DPL developed a methodology for vulnerability assessment that was subsequently adopted in the Philippine Standards for Conservation for priority cultural heritage sites. By September 2018, the DOT had completed vulnerability assessments of 16 priority cultural heritage structures to multiple natural hazards such as earthquakes, typhoons, and floods. The structures were in three pilot locations, namely, Intramuros in Manila, and the Cebu and Bohol Province). The assessments made specific recommendations on interventions to reduce risks for each structure, including conceptual designs and cost estimates for structural strengthening and restoration. This approach went beyond traditional DRM initiatives that focused on strengthening public facilities (e.g., schools and hospitals), not historical or cultural assets. Multi-hazard vulnerability assessment was adopted in the Philippine Standards for Conservation in September 2018, and by the Tourism Infrastructure and Enterprise Zone Authority (TIEZA) and the Intramuros Administration as well. Both agencies are using the methodology as a screening tool for assessing historical assets. TIEZA, in line with its mandate (RA 9593) to preserve cultural tourism sites, has established a team for vulnerability assessments of cultural heritage properties. In sum, the methodology has been adopted and applied by the DOT, TIEZA, and Intramuros Administration. The efficacy of developing, adopting and utilizing a methodology for vulnerability assessment of priority cultural heritage sites--as measured by RI A5--is rated **Substantial**.

Pillar B sought to enhance GOP's financial capacity to manage natural disaster risk. Pillar B was supported by Prior Actions 3 and 4; progress was measured by Results Indicators B1 to B5. The results achieved the enhanced financial resilience at the national, local and individual levels in the event of natural disasters, as follows:
(i) The DPL program advanced and launched a subnational parametric insurance program in 25 provinces. According to the ICR (paragraphs 39 and 40), the Philippines launched in July 2017 the world's first subnational parametric insurance program, providing 25 LGUs with US$200 million in insurance against major typhoon and earthquake events. GOP renewed the transaction in December 2018 and almost doubled the coverage to US$390 million by adding protection for school buildings to complement the Department of Education's Quick Response Fund. The 2018 General Appropriations Act paid the premium for both transactions. Since the GOP preferred to have more discretion over the disbursement of payouts (instead of individual provinces based on provincial triggers),GOP decided to evolve the coverage instead of renewing the transaction. It is unclear to what extent the catastrophe bond program realistically built on the prior action and the work related to building the parametric insurance program, and whether the latter effort was wasted. In December 2019, with World Bank technical support and intermediation by the World Bank Treasury, GOP placed a sovereign catastrophe bond (US$225 million coverage, for earthquake and tropical cyclone), which replaced the parametric coverage for quick liquidity from the initial parametric pilot program. To provide more targeted funding, GOP also developed a national indemnity insurance program for critical public assets. These recent efforts--which built upon the July 2017 pilot and were adjusted in the 2018 program—are being maintained through a 2019 and 2020 budget appropriation. While noting that the original subnational parametric insurance program was not renewed, the efficacy of establishing the program--as measured by RI B1--is **Substantial**.
(ii) The DPL enabled line agencies to pilot their DRFI strategies by providing technical support for managing financial risks on public assets. DRFI strategies were developed and piloted by the Department of Public Works and Highways (DPWH), Department of Education (DepEd), Department of Health (DOH), Department of Social Welfare and Development (DSWD), and National Irrigation Administration (NIA). The strategies combined their Quick Response Fund allocation, parametric insurance for extreme events, and indemnity insurance for financing reconstruction of key strategic infrastructure. As mandated by the Inter-Agency Committee, the Bureau of the Treasury established an office of public asset registry that is collecting information from these agencies to further refine their approach to disaster risk finance. A Technical Working Group (TWG) for Asset Management within the Development Budget Coordination Committee was also

created in 2019 to recommend public asset management policies. The efficacy of piloting DRFI strategies in selected line agencies--as measured by RI B2--is rated **Substantial**.

(iii) The DPL enabled a Philippine households insurance pool in collaboration with the Insurance Commission and the private sector. In September 2018, a Philippine Catastrophe Insurance Pool designed by the Philippine Insurers and Reinsurers Association was submitted for consideration and implementation by the DOF. The Pool, which was intended for homeowners and small and mid-sized enterprises (SMEs), supports the new Philippine Building Act (discussed under Result Indicator A2 above) by providing incentives for compliance, such as differentiation of premium rates. Following DOF's review, and with technical support from the World Bank, the Insurance Commission (the national regulatory body) has endorsed the design, which is being implemented by the financial industry. Catastrophe insurance penetration in the Philippines is low; Munich Re reports that only 0.5–0.6 percent of households are covered by catastrophe insurance (as of 2018). The work under the Cat DDO secured the initial DOF commitment to work on this agenda. This was formalized in an MOU between the Insurance Commission and the Insurance Industry Association in early 2020. The implementation is now supported under a Proposed Financial Sector DPL. The efficacy of developing, endorsing and implementing a household insurance pool--as measured by RI B3--is rated **Substantial**.

(iv) The DPL helped GOP prepare and adopt an emergency program to support incomes following disasters. The DSWD developed options for setting up a program that builds on existing safety net programs and provides emergency income support following disasters. The underlying analytical work was financed by the World Bank's TA program, which helped delineate the technical and operational guidelines that would establish mechanisms to achieve adequate scale. The analysis was incorporated GOPs post-disaster experiences in delivering cash transfers. Moreover, the TA gave emphasis on the use of gender-disaggregated data for providing income support and monitoring beneficiaries. A tangible result was the development of a Framework for Emergency Cash Transfer Programs during Disasters. In September 2018, the DSWD mandated the adoption of the Framework through an Administrative Order. In 2019, DSWD issued Memorandum Circular No. 17 outlining guidelines for the implementation of the Emergency Cash Transfer (ECT) program (post-disaster income support program as stated in the RI B4). In 2020, the National Disaster Risk Reduction and Management Council (NDRRMC) issued Memorandum Circular No. 03 authorizing DSWD to implement the ECT as one of its programs for disaster response. As of November 2020, DSWD is developing the ECT Manual of Operations to guide the program's implementation. The subsequent approval of the Manual of Operations and program implementation in disaster-affected areas under state of calamity is a results indicator under the ongoing Third Disaster Risk Management Development Policy Loan (P171440). As of now, DSWD is in the process of finalizing the ECT Manual of Operations. Implementation will commence in 3-6 months, upon final approval from DWSD. The efficacy of developing and adopting an emergency income-support program after disasters--as measured by RI B4--is rated **High**.

(v) The DPL updated the reporting templates for insurance databases, which the Insurance Commission adopted. In December 2017, the Insurance Commission adopted the updated catastrophe risk insurance database template through the issuance of Insurance Commission Circular Letter No. 2017-56 on Catastrophe/Property Insurance Reports. This requires all non-life insurance companies to submit their respective annual reports using updated database reporting templates. The Insurance Commission has finalized the associated manuals that provide insurance companies with guidance on how to comply. The Insurance Commission uses the information on the updated templates to maintain a well-regulated and sustainable insurance market. As of 2020, the insurance Commission reports that 75 percent of insurance companies are complying with the new reporting templates. The efficacy of updating the reporting templates for insurance databases--as measured by FI B5--is rated **Substantial**.

Given the critical role played by the Bank-supported programmatic TA approved in August 2014 (see Section 2(a) above), it is worth noting the assessment of the ICR (paragraph 59) regarding the TA's effectiveness: "The World Bank-financed TA program was instrumental in supporting the Government's reform efforts by bringing in global expertise and knowledge on the DRM agenda. The TA program was multidisciplinary and cutting edge in its approach. It directly informed (a) revisions to the NBCP to incorporate provisions for disaster risk reduction and CCA under the proposed PBA, (b) development of PCIPs using the eVSA tool, and (c) development of a joint catastrophe risk insurance program for LGUs."

Rating
Substantial

5. Outcome

The Second DRM DPL's design relevance is **Satisfactory.** The Prior Actions are highly relevant to strengthening the Government and Bank strategies for disaster risk management, for which the Bank has provided long-term support, including a First DRM DPL with a CAT DOO. The relevance of the results indicators to measuring PDO achievement is also Satisfactory: the indicators consisted of actions that included adoption, implementation and mainstreaming of policies and instruments that were causally linked to supporting the achievement of the PDO, although they were quite upstream and in most cases captured only a single step of implementation..

The Second DRM DPL's efficacy is rated **Satisfactory**, based on significant new improvements in disaster risk management--specifically the demonstrably strengthened institutional, regulatory and financial capacity of the Government and other beneficiary stakeholders. The Second DPL program achieved or exceeded its 10 targeted results. The operation deepened the Bank-country policy dialogue on DRM, leading to significant progress in key policy areas, namely, the strengthening of risk reduction in investment planning and regulations, the mainstreaming of a systemic risk management approach at sectoral and territorial levels, and the enhancement of GOP's financial capacity to manage disaster risk. By providing a timely source of liquidity, the CAT DDO instrument also helped the country recover from the disaster caused by Tropical Cyclone Mangkhut. On the foregoing basis, the Second DRM DPL's overall outcomes is rated **Satisfactory.**

a. Outcome Rating
Satisfactory

6. Rationale for Risk to Development Outcome Rating

In general, and in part because of the nature of the instrument, what could be observed as the achievements of this Second DRM DPL (and many DPLs in general) are more characteristic of upstream results, while leaving some gaps in terms of measuring downstream outcomes. It remains to be seen whether the program's policy changes will be fully implemented or sustained, especially in terms of providing adequate budgetary allocations and increased investment in disaster risk reduction, higher rates of insurance penetration, better management of financial risks, and so forth.

The sustainability of the Program's results faces fiscal and institutional capacity risks.

Fiscal risks. As one of the world's most disaster-prone countries, the Philippines incurs significant losses to public and private assets when natural disasters occur. Thus, while the risk seems modest to negligible, it is important to monitor whether GOP is willing to continue and expand, as needed, the funding insurance premium payments or issuing catastrophe bonds, as well as investing in disaster risk reduction. The signals based on more recent and planned operations are that GOP remains committed and willing to finance DRR and DRM.

Institutional capacity risks. Efforts to increase technical capacity at the LGU levels are still required in order to effectively articulate and implement strategies for disaster resilience and financial protection. At the national level, it is important to ensure that GOP will continue to strengthen the technical and institutional capacity of government agencies in the areas of risk-informed cross-sectoral planning and risk reduction. This risk of neglecting these areas is modest to negligible, given the adoption of a national financial protection strategy, and DRM sector strategies and policies that have been more strongly integrated in Philippine laws and development plans; moreover, political representatives and technical staff in public administration have become more stable, thus ensuring continuity in institutional capacity. Thus, while weaknesses remain at the local level, the Program's outcomes have a significant likelihood of being sustained.

a. Risk to Development Outcome Rating

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7. Assessment of Bank Performance

a. Quality-at-Entry

Quality-at-Entry Rating

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b. Quality of supervision

Quality of Supervision Rating

Overall Bank Performance Rating
Satisfactory

8. Assessment of Borrower Performance

a. Government Performance

Government Performance Rating
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b. Implementing Agency Performance

Implementing Agency Performance Rating

Overall Borrower Performance Rating
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9. M&E Design, Implementation, & Utilization

a. M&E Design
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b. M&E Implementation
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c. M&E Utilization

M&E Quality Rating
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10. Other Issues

a. Environmental and Social Effects

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b. Fiduciary Compliance

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c. Unintended impacts (Positive or Negative)

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d. Other

None

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	---
Bank Performance	Satisfactory	Satisfactory	---
Relevance of Results Indicators		Satisfactory	---
Quality of ICR		Substantial	---

Note

When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.
The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

12. Lessons

The ICR derived the following lessons from the DPL program's experience, with some adaptation for brevity:
A strong institutional champion is key to advancing complex reform programs. As the implementing agency, the Department of Finance played a central role in ensuring inter-agency coordination of DRM-related policy actions while advancing new thinking on financial protection. It also convened the key DRM agencies to sustain buy-in and maximize responsive to GOP’s priorities.

Establishing clear rules of the game at preparation supports the effectiveness of the Cat DDO instrument. A clear understanding of the procedures and responsibilities of GOP and the World Bank to trigger the CAT DDO mechanism and process disbursement allowed the transfer of funds in only two days after the country was hit by Tropical Cyclone Mangkhut in September 2018. The steps include: (a) the declaration of a state of emergency, (b) the decision-making process to activate the CAT DDO, (c) the necessary documentation to request Bank disbursement, and (d) the process to incorporate the resources in the national budget. The Bank team's close involvement and sustained dialogue on the DPL's financial aspects is crucial at all stages of the program.

An effective reform program needs to be supported by a solid analytical foundation. While the CAT DDO can provide timely liquidity following a disaster, it is also important to provide support throughout the program to enhance the country's capacity to implement its DRM program. In this case, the programmatic TA program was an effective supervision strategy to support and track policy reforms and also to compensate for the drawdown of funds in September 2018, thereby continuing the strengthening of DRM institutional systems and sectoral agency capacity until the closing of the program.

IEG also adds the following lesson:

A CAT DDO can be an effective tool for supporting policy reform when it selects Prior Actions that are highly relevant and critical, and uses results indicators wisely to provide impetus for sustained reform progress. As indicated earlier, the Second DRM DPO's Prior Actions are highly relevant to achieving the PDO of strengthening the Government and Bank strategies for disaster risk management. Moreover, the results indicators are also substantially to highly relevant, as they consisted of actions that included adoption, implementation and mainstreaming of policies and instruments that were causally linked to supporting the achievement of the PDO.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR is clearly written and well prepared overall. The ICR is results-oriented and focused strongly on presenting tangible evidence to support the the ratings on relevance and efficacy. The ICR (notably its Table 1) effectively traces causal chain from the results indicators and Prior Actions to the achievement of the PDO and its two Pillars. It is also well grounded on the macroeconomic context as well as the historical backdrop of the Bank's long-standing support for DRM in the Philippines. The lessons (on the need for a strong country champion, strong analytical foundations, and clear rules of the game) are well selected and articulated, and have broad relevance and applicability to other Bank DPLs intended to support DRM that have a CAT DDO option.

a. Quality of ICR Rating

Substantial