

Ex-ante Evaluation**1. Name of the Project**

Country: Republic of the Philippines
Project: Post Ondoy and Pepeng Short-Term Infrastructure Rehabilitation Project
Loan Agreement: May 26, 2010
Loan Amount: 9,912 million yen
Borrower: The Government of the Republic of the Philippines

2. Background and Necessity of the Project**(1) State of Disaster and Issues Stemming from Tropical Storm Ondoy and Typhoon Pepeng**

On September 26, 2009, Tropical Storm Ondoy (international name: Ketsana) directly struck the Metro Manila and the neighboring Rizal Province, located in the central part of the Luzon Island. Ondoy brought an extraordinarily rainfall event that statistically occurs once in 180 years, causing floods across an extensive area around the nation's economic center. Then, for six days from October 3, 2009, Typhoon Pepeng (international name: Parma) directly struck the Philippines's grain belt in the central and northern parts of Luzon Island. These storms and torrential rains caused flooding and landslides, inflicting tremendous damage to the area. Together, the two typhoons affected more than 9 million people, leaving 956 people dead, 736 injured and 84 missing (as of November 23, 2009). They resulted in human suffering of a severity rarely seen for typhoon damages. At the request of the Government of the Philippines, the Post-Disaster Needs Assessment (PDNA) conducted by the Government of the Philippines, the World Bank and other donors including JICA. According to the results of the PDNA, damage was sustained by the nation's economic center, where about half of the population resides and which generates about 60% of the nation's GDP, and it was estimated that the total amount of damage would reach 4,383 million dollars (equivalent to about 2.7% of GDP). Compared to recent disasters around the world, the economic damage and economic loss caused by these typhoons has been considerable.

In terms of specific damage and specific needs, because the typhoons occurred just before the harvesting season, damage to the agriculture, forestry and fisheries industries has been considerable, and their needs for assistance is substantial. Furthermore, the damage to products and related materials that had been planned for production ahead of the Christmas season, and damage to production facilities has been extensive, and so financial assistance is especially required for small and medium-sized enterprises. Moreover, it has become evident that there are significant needs for the repair and reinforcement of houses partially or completely destroyed and for the construction of temporary housing, as well as significant needs for assistance targeting flood control facilities and transportation infrastructure. This damage is having a severe effect on the lives and economic activities of citizens, especially the poor who are vulnerable to external risks such as natural disasters.

According to the PDNA estimates, it will take the three years between 2009 and 2012, as well as 4,423 million dollars in funds, to repair the damage and restore circumstances to the pre-disaster conditions.

Under these circumstances, it is imperative that there be smooth implementation of those

rehabilitation and reconstruction support measures for early restoration of economic and social activities in the disaster-affected area which is the center of the Philippine economy.

(2) Philippine Government Policy for Damage Caused by Ondoy and Pepeng, and the Priority of the Project

In response to the damage caused by Ondoy and Pepeng, the Government of the Philippines requested support for reconstruction from the international community, and it set up public-private reconstruction system, establishing the Special National Public Reconstruction Commission and the Private Sector Reconstruction Commission. On November 9 and December 2, 2009, partnership dialogues on public-private cooperative support for reconstruction were held, sponsored by the Department of Finance, and on the second occasion, December 2, in addition to sharing the results of the PDNA as well as the Philippine Government's plan for rehabilitation and reconstruction and the efforts of the private sector based on these results, the request for support for reconstruction was reiterated to the international community.

Although it was confirmed that the damage from Ondoy and Pepeng and the reconstruction needs spanned a broad range of sectors as outlined above, it was indicated by the Philippine Government that it had high expectations of Japan for rehabilitation support through Japan's highly concessional ODA loans, particularly in the infrastructure sector in which Japan had a long history of assistance. Within the infrastructure sector, flood control facilities and roads/bridges are two areas that have a particularly high degree of urgency and a particularly strong need. The project is to implement rehabilitation in these two areas as part of the Philippine Government's rehabilitation and reconstruction plan.

(3) Japan and JICA's Policy for Typhoon Disasters, and Operations for Ondoy and Pepeng

The Government of Japan highlighted "assistance for improvement of sustainable living standards and self-reliance of the poor" as one of the three priority development issues in its Country Assistance Program for the Philippines (June 2008). Under the priority area "expansion of basic social services (improvements in the living environment surrounding the poor)," Japan is committed to "providing prompt emergency aid and rehabilitation/reconstruction assistance to regions severely damaged by unexpected natural disasters" as one of its measures relating to the "protection of human life from natural disaster."

In response to the above assistance program, JICA has established a program on disaster risk management, and during times of disaster, its policy is to promptly execute emergency material, human and financial support in light of such factors as the size of the disaster.

In response to the recent damage caused by Ondoy and Pepeng, so far, Japan has provided about 20 million yen of emergency relief goods, 4.5 million dollars of emergency grants (food aid) through the World Food Program (WFP), about 9.6 million yen in Grant Assistance for Grassroots Human Security Projects, and capital cooperation to the disaster relief programs run by Japan Platform (100 million yen).

(4) Other Donors' Activities

Many bilateral donors and international organizations have provided a total of 146.43 million

dollars in grant aid (as of December 10, 2009) as emergency relief and humanitarian assistance for immediately after the disaster. As for loan aid, Spain has announced that it plans to adjust the target facilities of existing loan for bridge construction and replacement project (30 million euros) in view of the damage from Ondoy and Pepeng. The World Bank has approved the Supplemental Financing to the Food Crisis Response Development Policy Operation (250 million dollars) as assistance for rehabilitation and reconstruction.

(5) Necessity of the Project

The recent typhoon directly hit the center of the national economy and the center of agriculture, and so early recovery of economic activity in the affected areas is a matter of utmost importance for the entire Philippine economy. An urgent issue for the recovery of economic activity is the restoration of roads, bridges and other infrastructure that sustained particularly severe damage. Furthermore, because the Philippines is a country frequently hit by typhoons, as a preventive measure for the next rainy season, restoring flood control facilities at least to the pre-disaster level is important and urgent for protecting human life and property in the affected areas from further damage. However, considering the fiscal situation due also to the typhoon disaster, the Philippines Government is in a difficult position to respond to those funding needs unaided.

Accordingly, as outlined above, this is consistent with Japan and JICA's policy, and thus it is highly necessary and relevant for JICA to support this project.

3. Project Description

(1) Project Objectives

The objective of this project is to provide protection from further damage and restore access to various socio-economic activities in the affected areas in the Republic of the Philippines of tropical storm Ondoy and/or typhoon Pepeng (hereinafter referred to as the "Affected Areas") by rehabilitating the damaged flood control facilities, roads and bridges to at least their pre-typhoon function, and thereby contribute to safety of the residents and sustainable economic development in the Affected Areas.

(2) Project Site/Target Area

Affected areas by tropical storm Ondoy and/or typhoon Pepeng

(3) Project Components

The project is to implement emergency rehabilitation programs which need was confirmed through the PDNA and formed by the executing agency based on the actual damage situation and, for the restoration and rehabilitation of flood control facilities, roads and bridges.

(4) Total Project Costs

12,086 million yen (Loan amount: 9,912 million yen)

(5) Schedule

Scheduled from May 2010 to December 2011 (20 months in total). The project will be deemed complete when civil works are completed (scheduled in December 2011). Loans shall also retroactively cover works that were conducted, or that were being conducted, on or after September 26, 2009 (the date on which damage from Ondoy was sustained).

(6) Project Implementation Structure

- 1) Borrower: The Government of the Republic of the Philippines
- 2) Executing Agency, Operation and Maintenance System: Department of Public Works and Highways (DPWH)

(7) Environmental and Social Consideration/Poverty Reduction/Social Development

- 1) Environmental and Social Consideration
 - (i) Category: Category FI
 - (ii) Reason for Categorization: Since it would be impossible to specify a sub-project before JICA's approval of loans, and further since it is supposed that such a sub-project would have effects on environment, this project falls under the category FI under the "Japan Bank for International Cooperation Guidelines for Confirmation of Environmental and Social Considerations" (established April 2002).
 - (iii) Other: In this project, the executing agency shall carry out economical and social considerations according to Philippine domestic law and to the "Japan Bank for International Cooperation Guidelines for Confirmation of Environmental and Social Considerations" (April 2002), and in each subproject, action shall be taken which is required for the corresponding category. Furthermore, it is assumed that no subprojects corresponding to Category A will be implemented.
- 2) Promotion of Poverty Reduction: None in particular
- 3) Promotion of Social Development (gender perspective, measures for infectious diseases including HIV/AIDS, participatory development, consideration for persons with disabilities, etc.): None in particular

(8) Collaboration with Other Donors

The project will be based on a PDNA that is conducted collaboratively by the World Bank, the Asian Development Bank and other donors including JICA.

(9) Other Important Issues

As for the execution of the project, no special technology is required, and because procurement will also be done based on Philippine domestic law, no procurement support or consultants for construction supervision will be employed. On the other hand, project monitoring expert(s) will be dispatched for the purpose to ensure the smooth implementation of the project.

Furthermore, in collaboration with technical cooperation projects, an individual expert already on deployment to the DPWH participated in the validation of damage to flood control facilities and in the PDNA, and assisted in the smooth formation of the project through providing technical advice.

4. Targeted Outcomes

(1) Performance Indicators (Operation and Effect Indicators)

Given the nature of post-disaster emergency restoration, the aim is to restore the functions of the repaired roads, bridges and flood control facilities to the pre-disaster function. It is envisaged that confirmation will be made during the ex-post evaluation using quantitative data that shows the facilities have been restored to their pre-disaster function (basically, data corresponding to the design specifications of the relevant facility¹).

(2) Internal Rate of Return

Not calculated given the nature of emergency aid.

5. External Factors and Risk Control

Delay in project implementation or change in the project scope due to a natural disaster, etc.

6. Lessons Learned from Findings of Similar Projects undertaken in the Past

According to a survey on past projects for emergency disaster rehabilitation, analysis was made that “although the need for a short-term reconstruction project was great, efficiency in assistance for the reconstruction project (rapid implementation of the project) was sacrificed because it covered larger medium-term and long-term projects.” Based on this lesson, in this project, meeting the need for assistance for short-term rehabilitation projects immediately after the disaster was made possible, by taking such measures as: (i) making it possible for the executing agency to supervise construction by itself without employing a consultant, by only targeting construction works that require no advanced technology (in cases where design is necessary, the executing agency’s own resources can be used); (ii) allowing to adopt negotiated procurement and local competitive bidding in accordance with the domestic laws; and (iii) allowing for retroactive loans.

Furthermore, from past regionally-dispersed projects, it was learned that, “with a project that is comprised of a large number of small-scale components spread over a wide area, supervising/monitoring the whole project is cumbersome and difficult, and so considering the manpower of the executing agency, measures should be examined, such as including support by consultants for project supervision/monitoring within the project scope.” Based on this lesson, in this project the project supervisory/monitoring system will be strengthened by employing project monitoring expert(s).

Moreover, from past projects that cover a large number of small contracts, it was learned that, “for a project that is comprised of a large number of components without any of the individual procurement contracts exceeding 500 million yen, there needs to be a loan agreement in which procurement supervision is rationalized.” Based on this lesson, in this project, procurement supervision was rationalized after discussion with the executing agency and in

¹ Flood control facility: annual highest water level, annual maximum inundated area by levee breach or overflow, etc.
Roads and bridges: thickness and width of road, load limit of bridge, etc.

accordance with the audit system of the borrowing country. At the same time, project supervision that includes procurement will be strengthened such as by introducing the above mentioned project monitoring expert(s).

7. Plan for Future Evaluation

(1) Indicators for Future Evaluation

Quantitative data that shows facilities have been restored to their pre-disaster function (basically, data corresponding to the design specifications of the relevant facility).

(2) Timing of Next Evaluation: after the completion of the project