

Ex-Ante Evaluation (for Japanese ODA Loan)

Southeast Asia and Pacific Department
Southeast Asia Division 5
Japan International Cooperation Agency (JICA)

1. Basic Information

Country: The Republic of the Philippines

Project name: Post Disaster Stand-by Loan (Phase 2)

Loan Agreement: September 15, 2020

2. Background and Necessity of the Project

(1) Current state and issues of the disaster risk reduction sector in the Republic of the Philippines and the positioning of this Project

The Republic of the Philippines (hereinafter referred to as “the Philippines”) is regarded as one of the most disaster-prone countries in Southeast Asia. Since 1990, the Country has been affected by 565 disasters and consequently suffered a loss totaling 2.3 billion USD (UNDRR, 2019). The majority of the loss has arisen from large-scale typhoons; Typhoon Yolanda in 2013 brought 6,300 deaths and an economic loss of 12.9 billion USD, which accounted for 4.7% of its GDP. In addition to these natural disaster risks, the pandemic threat exists in the Philippines. As of September 6, 2020, the Country’s recorded numbers of Covid-19 cases and deaths are 237,365 and 3,875 persons, respectively, which are the highest in Southeast and East Asian regions. The Philippines is estimated to experience a significant economic loss and IMF accordingly revised its GDP growth forecast for 2020 for the Philippines from 0.6% (April 2020) to -3.6% (June 2020).

Under such threats of natural disasters and a public health emergency, the Government of the Philippines enacted the Disaster Risk Reduction and Management Act (Republic Act (RA) No.10121) (hereinafter referred to as the “DRRM Act”) to introduce a comprehensive approach that covers not only post-disaster measures but also disaster prevention and disaster risk reduction measures. The DRRM Act defines a disaster as “a serious disruption of the functioning of a community or a society involving widespread human, material, economic or environmental losses and impacts, which exceeds the ability of the affected community or society to cope using its own resources” and the “State of Calamity” as a condition involving mass casualty and/or major damages as a result of the occurrence of natural or human-induced hazard. In recent years, the Government of the Philippines declared the State of Calamity under the DRRM Act in response to the Taal volcano eruption in February 2020 and the epidemic of Covid-19 in March 2020.

The Government of the Philippines also established the “Mandatory Reporting of Notifiable Diseases and Health Events of Public Health Concern Act” (RA No.11332) to protect its citizens from threats to public health with effective and efficient surveillance in April 2019. The Act stipulates that when an infectious disease or public health risk that

may threaten national security, the President shall declare a “State of Public Health Emergency” and mobilize governmental and nongovernmental agencies to respond to the threat. In March 2020, the President Duterte declared a “State of Public Health Emergency” in response to the epidemic of Covid-19.

Based on the DRRM Act, the Government of the Philippines formulated the “National Disaster Risk Reduction and Management Plan (NDRRMP)” (2012) to enhance national and local resilience to disasters by clarifying respective roles of stakeholders in reducing and managing disaster risks. The Government also established the “National Disaster Risk Financing and Insurance Strategy (hereinafter referred to as “DRFI Strategy”)” in 2015 to develop a disaster financing mechanism that is directly accessible by the central and local governments as well as individual households. While these plan and strategy have been formulated as counteracts mainly against natural disasters, the epidemic of Covid-19 now indicates the necessity to strengthen the capacity to cope with infectious diseases.

The DRFI Strategy stipulates the use of disaster funds and stand-by loan arrangements in combination to prepare for the temporal increase in funds after a large-scale disaster. While securing funds required for recoveries from damages caused by Typhoon Yolanda (2013) and Mangkhut (2018) via the World Bank’s Risk Management Development Policy Loan with a Catastrophe Deferred Drawdown Option (CAT DDO) (2011 to 2014), the Second CAT DDO (2015 to 2018), and JICA’s Post Disaster Stand-by Loan (2014 to 2017), the Government of the Philippines has implemented policy actions to improve its disaster risk reduction and management capacity to satisfy the requirements of these projects.

In the above-mentioned background, the Government of the Philippines requested the Post Disaster Stand-by Loan (Phase 2) (hereinafter referred to as the “Project”) to prepare for the financial need expected to arise when a natural disaster, an epidemic of infectious disease, or other large-scale disaster occurred.

(2) Japan and JICA’s cooperation policy, etc. in the disaster risk reduction sector and the positioning of this Project

In the Country Development Cooperation Policy for the Republic of the Philippines (April 2018), “Ensuing Human Security for Inclusive Growth” is set as a priority area. Accordingly, Japan has determined to help the country overcome vulnerabilities to various risks impacting especially the poor and to stabilize and fortify basis for livelihood activities. JICA Country Analysis Paper for the Philippines (July 2020) identified the importance of support for implementing the DRFI Strategy taking account of substandard practices of disaster risk reduction and management in the Philippines and an increase of extreme climate due to climate change. The Paper also pointed out, taking Covid-19 into account, the necessity of consideration to provide financial support and technical assistance to strengthen the Philippines’ capacity to cope with infectious diseases. In addition, this Project will boost the Philippines’ high-quality growth in terms of inclusiveness, sustainability, and resilience and contribute to peacebuilding and stabilization (humanitarian assistance and disaster relief), which is an objective of the Free and Open Indo-Pacific (FOIP).

(3) Other aid organizations

The board of directors of the World Bank approved the Third-phase Disaster Risk Management Development Policy Loan (500 million USD) in April 2020. The World Bank is also developing a development policy loan for strengthening of pandemic countermeasures.

The Asian Development Bank expects to obtain approval for the Disaster Resilience Improvement Project (DRIP) (500 million USD), a similar stand-by loan scheme, from its board of directors in September 2020. A policy matrix will be developed to improve the Country's capacity to manage disaster risks and to cope with public health crises, local governments' resilience to damages to physical properties caused by disasters and climatic events, and disaster risk financing.

3. Project Description

(1) Project objective

The objective of this Project is to support quick recovery after natural and health-related disasters by promoting policy actions on disaster risk reduction and management and strengthening disaster preparedness by providing quick-disbursing budget support, thereby contributing to build a resilient society.

(2) Project site / location

The entirety of the Philippines

(3) Project components

In this Project, the executing agency will monitor the Government of Philippines' policy actions regarding disaster risk reduction and management and infectious diseases control (see the table below). When the requirement that indicates the occurrence of a disaster (hereinafter referred to as the "trigger") is acknowledged and the Department of Finance (DOF) requested a drawdown of the stand-by loan, JICA will immediately make a loan to the Government of the Philippines. The trigger shall be (a) the declaration of State of Calamity under the DRRM Act of the Philippines (hereinafter referred to as "State of Calamity") as a result of natural or health-related disaster, or in case of health-related disaster, (b) the declaration of Public Health Emergency by the President in accordance with Section 7 of RA 11332, or (c) imposition of an Enhanced Community Quarantine (ECQ) or Modified Enhanced Community Quarantine (MECQ) (community quarantine measures introduced by the Government of the Philippines that are stricter than those of the Government of Japan under the declaration of state of emergency) in National Capital Region or in any other highly urbanized area with significant economic impact.

Table Policy actions for disaster risk reduction and infectious disease control

Target Field	Prior Actions (September 2020)	Expected Actions (September 2023)
<p><u>1. Strengthening the policy and institutional framework for Disaster Risk Reduction and Management</u></p> <p>Implementing agency: Office of Civil Defense (OCD)</p>	<p>Based on the “DRRM Act 2010”:</p> <ul style="list-style-type: none"> - Capacity of OCD to support LGUs on Regional and Local DRRM Plans (RDRRMPs/LDRRMPs) planning has been enhanced through the activities conducted in five pilot areas. - The government has directed all departments and agencies to use integrated hazard and risk analysis in physical planning and evidence-based policy-making through a cabinet directive in July 2019. <p>*Republic Act No. 10121 enacted on May 2010.</p>	<ol style="list-style-type: none"> 1. Guidelines for regional/local hazard information use and risk assessment developed. 2. Guidelines for formulation and revision of RDRRMPs/LDRRMPs based on disaster risk information developed, of which gender mainstreaming and disability considerations are incorporated.
<p><u>2. Strengthening financial resilience to natural disasters and climate change</u></p> <p>Implementing agency: Department of Finance, Bureau of Treasury, Government Service Insurance System</p>	<p>The government has established a standing body to formulate and recommend public asset management policies.</p> <p>*Referendum (DBCC resolution No 2019-4)</p> <p>The government has created an inter-agency committee to formulate the necessary policies, rules and regulations for ensuring adequately insurance of key properties, assets and other insurable interests.</p> <p>*Administrative Order (No.4 2017)</p>	<ol style="list-style-type: none"> 1. Development of roadmap for application of risk-based premium calculation tool to public asset insurance. 2. Development of roadmap for application of insurance valuation system compatible with National Asset Registry System at the Bureau of the Treasury.
<p><u>3. Strengthening Public Health Emergency Preparedness</u></p> <p>Implementing agency: Department of Health (DOH)</p>	<p>The government has enacted “Mandatory Reporting of Notifiable Diseases and Health Events of Public Health Concern Act” or Republic Act No. 11332 on April 2019.</p> <p>DOH has developed guidelines that support the law:</p> <p>(a) Guidelines for the Inclusion and Delisting of Diseases, Syndromes and Health Events in the List of Notifiable Diseases, Syndromes and Health Events of Public Health Concern (AO No. 2018-0028)</p> <p>(b) Guidelines for the Inclusion of the Coronavirus Disease 2019 (COVID-19) in the List of Notifiable Diseases for Mandatory Reporting to the DOH (AO No. 2020-0012)</p>	<ol style="list-style-type: none"> 1. Roadmap for strengthening national laboratory network are developed. 2. Manuals and training modules on laboratory management and biosafety for sub-national laboratories are developed. 3. Capacity of Research Institute of Tropical Medicine (RITM) and target laboratories in the sub-national level on laboratory management and biosafety has been enhanced based on the developed training modules.

(4) Estimated project cost

Loan amount: 50,000 million yen

(5) Project implementation period

The period targeted for policy actions by this Project runs to September 2023. The period targeted for the stand-by loan runs three years after L/A signing. This Project will be completed when all the amount of stand-by loan is loaned out or the stand-by period ends. The stand-by period can be extended by three years and a total of four times, or a total of 15 years.

(6) Project implementation structure

- 1) Borrower: The Government of the Philippines
- 2) Guarantor: None
- 3) Executing agency: Department of Finance (hereinafter referred to as “DOF”)
- 4) Management structure: Progresses of each policy action will be checked by asking stakeholder agencies to report as required at twice-annual monitoring meetings held by DOF and JICA, where milestones will be set for the next six months to check progresses of each policy action and changes or improvements required will be proposed. DOF will monitor the level of achievement of actions by stakeholders. Primary implementing organizations for each policy action are listed in Table of 3. (3).

(7) Coordination and division of roles with other projects and aid organizations

1) Japanese aid activities

Support is being provided to the Government of the Philippines in implementing policy actions via “Disaster Risk Reduction and Management Capacity Enhancement Project Phase 2” (technical cooperation, ongoing) for the target field 1 and via technical cooperation projects being formulated for the target field 2 and 3.

2) Aid activities provided by other aid organizations

The policy actions of the Project are harmonizing with those of the World Bank and ADB that are agreed with DOF.

(8) Environmental and Social Considerations, Cross-Sectional Matters, and Gender Categories

1) Environmental and social considerations

(1) Category: C

- (2) Reason for categorization: This project is considered to have minimal adverse impact on the environment as per JICA Guidelines for Environmental and Social Considerations (released April 2010).

2) Cross-organizational matters

Climate change: The formulation of a guideline for the utilization of local hazard information, one of the policy actions of this Project, will contribute to “Roll-out of science-based climate/disaster risk and vulnerability assessment process as the basis for mainstreaming climate and disaster risks reduction in development plans, programs and projects” set out in the Intended Nationally Determined Contributions prepared by the Government of the Philippines, and will thus contribute to climate change countermeasures (adaptation measures).

Consideration for disabilities: During the process of the formulation of the disaster risk information-based RDRRMP/LDRRMP development guideline, consideration for persons with disabilities will be integrated (inclusive designing of evacuation places, support for persons with disabilities in emergencies, etc.)

Infectious disease control: Strengthening of the laboratory network, a policy action under this Project, will contribute to infectious disease control in general

3) Gender categories: GI (S) (Gender Informed (Significant) Project)

<Activity/ Reason for categorization>

Consideration for gender issues are planned to be integrated in the process of the formulation of the disaster risk information-based RDRRMP/LDRRMP development guideline and preparation of the guideline, manual, and training module for strengthening laboratory network.

(9) Other Special Matters

None.

4. Project Outcomes

(1) Quantitative outcomes

1) Outcomes (operation and impact indicators)

Indicator	Baseline (Actual record of September 2020)	Target (September 2023)
[Field 1: Strengthening the policy and institutional framework for Disaster Risk Reduction and Management] Number of guidelines developed for promoting DRRM activities	0	2 (Guidelines for regional/local hazard information use and risk assessment, and formulation and revision of RDRRMPs/LDRRMPs based on disaster risk information)
[Field 2: Strengthening financial resilience to natural disasters and climate change] Number of roadmaps towards the application of a risk-based premium calculation tool and an insurance valuation system	0	2 (Roadmaps towards the application of a risk-based premium calculation tool and an insurance valuation system)
[Field 3: Strengthening Public Health Emergency Preparedness] <ul style="list-style-type: none"> • Number of roadmaps for strengthening national laboratory network developed • Number of manuals and training modules on laboratory management and biosafety for laboratory technicians developed • Percentage (%) of laboratory technicians in the sub-national level trained based on the training module 	0 0 0	1 1 xx (Note)

Note) The quantitative target will be agreed at the beginning of the technical cooperation.

(2) Qualitative outcomes

Post-disaster stabilization of the economic basis of the Government of the Philippines, prompt implementation of rehabilitation projects, recovery and stabilization of livelihoods of affected people, and resilient society building.

5. Prerequisites and External Conditions

(1) Prerequisites: None

(2) External conditions: None

6. Lessons from Similar Past Projects and Application to this Project

The ex-post evaluation of “Stand-by Loan for Disaster Recovery and Rehabilitation” for the Philippines (Fiscal 2017) identified, as a lesson learned for DOF, the importance of facilitating stakeholders’ commitment both at the planning and implementation phases in order to enable them to successfully implement respective actions listed in the policy matrix and to monitor their actions effectively. Taking the finding into account, stakeholder organizations have been encouraged to involve in the project formulation process to enable DOF to closely coordinate with them. DOF was invited to consultations with implementing agencies to facilitate mutual understanding.

The ex-post evaluation also concluded, as a lesson learned for JICA, that designing the policy matrix by taking JICA’s technical cooperation projects into account was the key component that lead to the achievement of policy actions. Based on this lesson learned, the policy actions of this Project have been set for fields supported by JICA’s technical cooperation projects. In the implementation phase, JICA will endeavor to make stakeholder organizations properly implement respective policy actions.

7. Result of Evaluation

This Project is considered to be consistent with the Philippines’ development policies as well as the cooperation policies and analyses of the Government of Japan and JICA. It is also considered to contribute to SDGs Goal 3 (Ensure healthy lives and promote well-being for all at all ages), Goal 11 (Make cities and human settlements inclusive, safe, resilient and sustainable), and Goal 13 (Take urgent action to combat climate change and its impacts). Hence, there is a need to provide support for the implementation of this Project.

8. Plan for Future Evaluation

(1) Indicators to be used in future evaluations

As mentioned in 4.

(2) Future evaluation schedule

Ex-post evaluation is schedule two years after the completion of the project