

INTERIM OPERATIONAL STRATEGY

A. Immediate Priority and Medium –Term Assistance Objectives

1. On November 8, 2013, Typhoon Yolanda, one of the strongest tropical storms ever recorded, made six landfalls along the central and west Philippines territory, from the Eastern Visayas region to Palawan, leaving an unprecedented path of destruction behind. The reports from the National Disaster Risk Reduction and Management Council estimate that over 9.9 million people were affected in 44 provinces of the country. As of November 20, 2013, over 4,011 individuals were reported dead, with 1,602 still missing and more than 18,000 people injured. Nearly 650,000 houses were totally or partially damaged by the typhoon, while the damage to local infrastructure and agricultural production is currently estimated at \$281 million, a figure likely to rise and that does not include damage to private property.

2. The Asian Development Bank responded promptly to the challenges posed by the effects of typhoon Yolanda. The ADB Philippine Country Office (PhCO) started tracking immediately the impact of the typhoon and contacting the Government and UN agencies. ADB activated its disaster response system during the weekend of 9 to 10 November, and started analyzing data and reports coming in and making immediate contact with Government officials. Led by President Nakao, ADB contacted President Aquino and Secretary Purisima among others to offer it full support to the relief and future rehabilitation efforts. The Southeast Asia Regional Department has constituted an inter-departmental response team with more than 50 experts to coordinate ADB's response to the disaster, which included representatives from all other departments. The ADB team (through PhCO) maintains regular communication with the Government since the advent of the typhoon and it's a lead participant at UN OCHA coordination activities.

3. As a result of the team's initial assessment, the ADB response to this natural disaster has been structured along the following objectives:

I. Provision of Emergency Assistance.

4. A grant of \$3 million from the Asia Pacific Disaster Response Fund (APDRF) has been granted and disbursed already on November 14, 2013, just days after the typhoon made landfall. The APDRF grant will assist the Government of Philippines in meeting immediate expenses to restore life-saving services to affected populations following the natural disaster. The grant was approved in light of: (i) the large geographical extent of damage; (ii) the sobering initial estimate of death, injuries, and displaced persons; (iii) the stretched response capacity of government agencies in the Philippines; and (iv) a consideration of the cumulative impact of disasters on the country (i.e. Bohol earthquake, etc).

5. ADB announced, with the support of the Government of Japan, the prompt processing of a \$20 million grant from the Japan Fund for Poverty Reduction. The overall objective of the grant (Project and Capacity Development) is to support emergency assistance and early recovery of 74 poor municipalities in Region VIII (Northern Samar, Western Samar, Eastern Samar, Biliran, Leyte, and Southern Leyte) affected by Typhoon Yolanda.

6. A \$500 million emergency assistance loan. The loan will aim to assist the government in minimizing the economic and social impacts derived from the typhoon. The loan will aim to

contribute to the recovery of real private consumption in the affected areas towards pre-disaster levels by end of 2017. The loan will assist the implementation of the Rehabilitation and Recovery Plan (RAR).

II. Planning for Rehabilitation and Recovery.

7. The Typhoon Yolanda Response Team (TYRS) is assisting the Government of the Philippines in the preparation of a Short-term Damage and Needs Assessment, under the leadership of the National Economic and Development Authority (NEDA). A small-scale technical assistance grant to support the assessment is being processed to support these efforts. The TYRS also participated in the UN OCHA coordinating meeting on Sunday, 17 November for the Yolanda Multi Cluster Initial Rapid Assessment (MIRA).

8. The assessment, led by NEDA with the contribution of seven working groups staffed with government agencies, may include the analysis of the impact of the disaster on the vulnerable groups, including assessing the extent of damage and loss by sector (i.e. infrastructure, housing, transport, energy, communications, water supply and sanitation, social sector, education, health and productive sectors such as agriculture and fisheries). It will also include an assessment of the overall macroeconomic impact for the country, the evaluation of livelihoods and employment impacts, and an assessment of disaster preparedness and mitigation. Lastly, the report will include a chapter on the reconstruction strategy.

9. ADB proposed the creation of a multi-donor Trust Fund to coordinate development partners' contributions to rehabilitation and re-construction efforts, pending concurrence by government. A development partner meeting, co-chaired with NEDA, was held on 18 November.

B. Proposal for TA and Investments

10. Total initial contribution to Rehabilitation and Recovery efforts from ADB totals \$523 million. This includes:

Instrument	Total Value (Million \$)
Project and Capacity Development TA	
Japan Fund for Poverty Reduction	20.0
Budget Support	
Emergency Assistance Loan	500.0
Asia Pacific Disaster Response Fund	3.0
Total	523.0

11. In addition to the proposed TA and Investment plan summarized in para. 10, two other vehicles are currently being considered as additional alternatives:

- a. Contributions to the Trust Fund derived from unspent funds from the Pakistan Disaster Rehabilitation Fund.
- b. Portfolio Restructuring: Re-organization of the Country Operations Business plan and re-assignment of lending and non-lending resources to rehabilitation and reconstruction activities using normal development project modalities.

C. Factors affecting rapid disbursement.

12. Budgetary support from the EAL will be made available immediately after loan effectiveness. Emergency Assistance Loan processing procedures are being applied and estimated Board date remains December 9, 2013. The contribution from the Asia Pacific Disaster Response Fund has already been disbursed.

13. Processing of the \$20 million JFPR grant will include a request for simplified procurement procedures and the undertaking of advanced actions to accelerate disbursement. Coordination will authorities on the focus and approach of the proposed package of support will be critical, as well as flexibility in the design of the grant, so as to allow for required adjustments as more information is made available.

D. Benchmarks and performance monitoring indicators

14. The Emergency Assistance loan outlines a number of impact, outcome and outputs performance indicators as per its Design and Monitoring Framework (DMF):

Design Summary	Performance indicators
Impact Revitalization of the Visayas regional economies	By end of 2020: Growth rates in real regional GDP in the affected areas recover to pre-Typhoon levels. (Base year average growth rates from 2002 to 2012)
Outcome Adverse social impact of the typhoon on the poor mitigated	By end of 2017: Per capita consumption (adjusted to inflation) of poorest 50% of households in the affected areas recovers towards to pre-Typhoon levels (Baseline is average per capita consumption from 2009 to 2012)
Outputs 1. Government's rehabilitation and reconstruction (RAR) plan developed 2. Funding of the National government expenditure program for 2014 is met	By end of 2015: (i) Government's RAR plan endorsed (i) Financing plan of for the RAR plan finalized and initiatives launched to mobilize resources from domestic and international sources

15. The proposed impact of the JFPR grant is emergency needs and early recovery are effectively supported in 74 poor municipalities affected by Typhoon Yolanda. The 74 municipalities are located in Region VIII (consisting of the Provinces Northern Samar, Western Samar, Eastern Samar, Biliran, Leyte, and Southern Leyte). The outcome is the affected rural population in Region VIII uses recovered community infrastructure, livelihood support, and basic services.

16. The expected outputs of the grant include: a) Recovered community infrastructure, emergency employment and livelihood support is available (\$9 million); b) Basic health services

emergency support is provided (\$5 million); and c) Government capacities to guide the reconstruction process and to manage the grant project are strengthened (\$6 million).

Design and Monitoring Framework

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks				
<p>Impact</p> <p>Revitalization of the Visayas regional economies</p>	<p>By end of 2020:</p> <p>Growth rates in real regional GDP in the affected areas recover to pre-Typhoon levels.</p> <p>(Base year average growth rates from 2002 to 2012)</p>	<p>NEDA regional GDP reports.</p>	<p>Assumption Macroeconomic stability maintained</p> <p>Risks Risk of further natural disasters and their adverse impact on the regional economies</p>				
<p>Outcome</p> <p>Adverse social impact of the typhoon on the poor mitigated</p>	<p>By end of 2017:</p> <p>Per capita consumption (adjusted to inflation) of poorest 50% of households in the affected areas recovers towards to pre-Typhoon levels</p> <p>(Baseline is average per capita consumption from 2009 to 2012)</p>	<p>NEDA regional GDP data and poverty data.</p>	<p>Risk Government's administrative capacity and resources maybe stretched thereby limiting implementation of its disaster recovery program.</p>				
<p>Outputs</p> <p>1. Government's rehabilitation and reconstruction (RAR) plan developed</p> <p>2. Funding of the National government expenditure program for 2014 is met</p>	<p>By December 2015</p> <p>(i) Government's RAR plan endorsed</p> <p>(ii) Financing plan of for the RAR plan finalized and initiatives launched to mobilize resources from domestic and international sources</p>	<p>RAR plan</p> <p>DOF</p>	<p>Risks Weak interagency coordination</p>				
Activities with Milestones			Inputs				
1.1 NEDA produces draft RAR plan (November 2013)			<table border="1"> <thead> <tr> <th>Item</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>ADB loan</td> <td>(\$500 million equivalent)</td> </tr> </tbody> </table>	Item	Amount	ADB loan	(\$500 million equivalent)
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ADB = Asian Development Bank; DOF = Department of Finance; GDP = gross domestic product; NEDA = National Economic and Development Authority; RAR = rehabilitation and reconstruction
Source: Asian Development Bank.

E. Alignment with Country Partnership Strategy

17. One of the four key support areas included in the Country Partnership Strategy, 2011–2016 is “reduced environmental degradation and vulnerability to climate change and disasters”. ADB’s interim response strategy to Typhoon Yolanda contributes to this key support area and is fully in line with the Country Partnership Strategy and the Government of the Philippines’ Philippine Development Plan, 2011–2016.

18. ADB is, in addition, providing Technical Assistance to the Structuring of a Public-Private Earthquake Insurance Entity in the Philippines. The TA serves as platform for the potential design of a larger financial assistance package in this area, at the request of the Government.