



Validation Report

Reference Number: PVR-471
Project Number: 47337-001
Loan Number: 3080
December 2016

Philippines: Emergency Assistance for Relief And Recovery from Typhoon Yolanda

Independent Evaluation Department
Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
CRRP	–	Comprehensive Rehabilitation and Recovery Plan
DMF	–	Design and Monitoring Framework
EAL	–	emergency assistance loan
EARTY	–	Emergency Assistance for Relief and Recovery from Typhoon Yolanda
GDRP	–	Gross Regional Domestic product
NEDA	–	National Economic and Development Authority
OPARR	–	Office of the Presidential Assistant for Rehabilitation and Recovery
PCR	–	Project Completion Report
RRP	–	report and recommendation of the President
TA	–	technical assistance
YRRP	–	Yolanda Recovery and Rehabilitation Plan

NOTES

In this report, “\$” refers to US dollars.

Key Words

adb, asian development bank, emergency assistance loan, philippines, recovery and rehabilitation plan, typhoon Yolanda, validation

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PROJECT BASIC DATA

Project Number	47337-001	PCR Circulation Date	29 June 2016	
Loan Number	3080	PCR Validation Date	Dec 2016	
Project Name	Emergency Assistance for Relief and Recovery from Typhoon Yolanda			
Sector and subsector	Public sector management	Economic and public affairs management		
Theme and subtheme	Economic growth	Promoting economic efficiency and enabling business environment		
Safeguard categories	Environment		C	
	Involuntary Resettlement		C	
	Indigenous Peoples		C	
Country	Philippines		Approved (\$ million)	Actual (\$ million)
ADB Financing (\$ million)	ADF: 0.00	Total Project Costs	500.00	500.00
	OCR: 500.00	Loan	500.00	500.00
		Borrower	0.00	0.00
		Beneficiaries	0.00	0.00
		Others	0.00	0.00
Cofinancier		Total Cofinancing	0.00	0.00
Approval Date	6 Dec 2013	Effectiveness Date	23 Mar 2014	28 Feb 2014
Signing Date	23 Dec 2013	Closing Date	31 Dec 2014	31 May 2015
Project Officers	K. Bird J. Gomez Reino	Location	From	To
		ADB headquarters ADB headquarters	Nov 2013 Jan 2015	Jan 2015 May 2015
IED Review Director	W. Kolkma, IED1			
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ADB = Asian Development Bank; ADF = Asian Development Fund; IED1 = Independent Evaluation Department, Division 1; IED2 = Independent Evaluation Department, Division 2; OCR = ordinary capital resources; PCR = project completion report.

I. PROJECT DESCRIPTION

A. Rationale

1. On 8 November 2013, typhoon Yolanda—one of the strongest storms ever recorded—battered the Central, Eastern and Western Visayas in the Philippines with heavy rains and strong winds reaching 315 kilometers per hour. It caused storm surges 5–6 meters high in the seas surrounding the coastal towns of Samar and Leyte, which resulted in the loss of thousands of lives and massive damages to public and private properties.

2. All told, the typhoon affected more than 16 million people; caused over 6,000 deaths; displaced 4.1 million people; and either destroyed or severely damaged more than a million houses, 600,000 hectares of agricultural land, 33 million coconut trees, and hundreds of electric transmission towers, and cooperatives. In particular, Tacloban, the capital of Leyte Province, and a city of more than 221,000 people, was badly hit with much of its infrastructure, houses, and other buildings destroyed.

3. Initial estimates of the damage and loss to public and private property and infrastructure ranged between \$3 and \$4 billion. The Asian Development Bank (ADB) estimated that the potential impact of the typhoon in the Visayas would be 4%–8% decrease in their combined gross regional domestic product (GRDP) growth in 2014. Poverty incidence in the Visayas Region was expected to surge after the typhoon. The magnitude of the damage caused by the disaster affected the country's fiscal policy in two ways. First, the government started to reallocate spending in November 2013 to finance the emergency relief efforts, with additional public spending of P153 billion in 2013 and 2014. Second, the expected decline in GRDP was expected to result in foregone tax revenue.

B. Expected Impacts, Outcomes, and Outputs

4. The expected impact of the emergency assistance loan (EAL) was revitalized regional economies in the Visayas Region. The expected outcome was to have mitigated the adverse social impact of the typhoon on the poor in the affected areas. The two expected outputs of the project were (i) a finalized Government's Yolanda Recovery and Rehabilitation Plan (YRRP)—which aimed to provide immediate humanitarian needs to victims from December 2013 to March 2014, and (ii) funding met for the National Government Expenditure Program for 2014—which aimed to provide immediate and flexible financing to support the government's response to urgent needs.

C. Provision of Inputs

5. On 9 December 2013, ADB approved a \$500 million EAL called Emergency Assistance for Relief and Recovery from Typhoon Yolanda (EARTY)¹ to support the government's need for additional public spending under its recovery program in areas affected by typhoon Yolanda. The loan assistance modality for EAL was selected as the most appropriate because its quick disbursing feature would be the best response to the immediate economic and social needs in the disaster-affected areas. The loan agreement was signed on 23 December 2013.

6. To complement the EARTY, other financing came from the Japan Fund for Poverty Reduction (a grant project) and a World Bank emergency loan. The project was also supported by a related ADB technical assistance amounting to \$885,000.² The plan was for the EARTY to be implemented from loan approval on 6 December 2013 until the loan closing date of 31 December 2014. The actual release of funds in 2014 was in three tranches—8 March (\$200 million), 11 July 2014 (\$100 million), and 13 April 2015 (\$200 million)—some four months later than planned.

7. The EARTY did not trigger safeguard policies and was categorized C for environment, involuntary resettlement, and indigenous peoples as loan proceeds were not earmarked for physical projects (RRP, para. 33). The applicable covenants required the government to ensure that the loan proceeds were not used for any programs and activities that have any environmental, indigenous peoples, or involuntary resettlement impacts, and that project

¹ ADB. 2013. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Republic of the Philippines: Emergency Assistance for Relief and Recovery from Typhoon Yolanda*. Manila.

² The ADB TA 8536-PHI: Support for Post-Typhoon Yolanda Disaster Needs Assessment and Response was approved in November 2013 for \$225,000 to (i) undertake the post-disaster needs assessment; (ii) support the government and ADB in estimating the recovery, reconstruction, and future risk management needs, including investments and capacity development at the local government level; and (iii) share knowledge on recovery and building back better. A supplementary TA financing was approved for \$500,000 in December 2013 and another \$160,000 from the ADB Integrated Disaster Risk Management fund in October 2015.

implementation would conform to all applicable ADB policies, including those on anticorruption measures, gender, procurement, consulting services, and disbursement as described in detail in the loan agreement.

D. Implementation Arrangements

8. The Department of Finance was the executing agency for the EARTY, with the loan coursed through the government's budget to ensure government ownership of the recovery agenda. An Office of the Presidential Assistant for Rehabilitation and Recovery (OPARR) was established by the government in December 2013 to unify, coordinate, and monitor all efforts to recover and rehabilitate areas devastated by typhoon Yolanda.³ The EARTY was to be implemented from December 2013 to December 2014, but the government requested to extend the loan closing date to 30 June 2015 to allow for the full withdrawal of the loan proceeds.

II. EVALUATION OF PERFORMANCE AND RATINGS

A. Relevance of Design and Formulation

9. The project completion report (PCR) rated the EARTY *highly relevant* based on its good alignment with both the government's policies and directions, and that of ADB, and because of an appropriate project design. The PCR also indicated that the use of the EAL assistance modality was appropriate since it provided immediate assistance to the government in sustaining the national expenditure program, while responding to the urgent needs of emergency relief efforts and the recovery plan.

10. The EARTY is fully consistent with the ADB Country Partnership Strategy: 2011–2016, which highlighted the reduction of the country's vulnerability to climate change and disasters as one of its key development outcomes. The project is also in line with the 2004 Disaster and Emergency Policy that requires ADB to meet a number of criteria. For ADB to provide EALs, one criteria is that a damage and needs assessment must first identify the potential impact on economic, social, and governance needs and priorities. Finally, the project is in line with the government's Philippine Development Plan: 2011–2016, which includes the country's increased resilience to natural disasters as one of its development outcomes.

11. In this validation's view, the design of the EARTY was generally appropriate to achieve its objectives. The EARTY provided immediate support to the government's fiscal response to meet additional funding needs in the typhoon-affected areas. The funding modality was relevant in such a situation where the government had already targeted a national deficit of 2% of GDP in 2013 and 2014, but that it was likely to rise above the targets with the additional spending required for recovery and rehabilitation (RRP, para. 16). Although it was not highlighted in the PCR, this validation finds that the project included appropriate impact and outcome performance targets and indicators that allowed for the assessment of the economic transformative effect of the project, which is a positive factor to attaining a highly relevant rating.

12. Based on the foregoing, this validation assesses the project *highly relevant*.

³ This was through Memorandum Order No. 62: Providing for the Functions of the Presidential Assistant for Rehabilitation and Recovery, dated 6 December 2013.

B. Effectiveness in Achieving Project Outcomes and Outputs

13. The PCR rated the EARTY *highly effective* in achieving its expected outcome of mitigating the adverse social impact of the typhoon on the poor, and in achieving its two expected outputs. In terms of its outcome target's indicator, notable recovery in the per capita consumption of the poorest 50% of households in the affected areas was observed, compared to pre-typhoon levels. Latest 2014 data indicate that the per capita consumption of the poorest 50% of households stood at 16% for Western Visayas, 18% for Central Visayas, and 13% for Eastern Visayas, which are higher than their 2009–2012 averages. Thus, it would appear that, despite the disaster, real per capita household consumption increased in these three regions, albeit at a slower rate than the pre-typhoon trend. Although it was not an explicit outcome indicator in the EARTY's design and monitoring framework (DMF), the PCR also reported that the overall poverty incidence in the Philippines declined from 27.9% in 2012 to 26.3% in 2015. Poverty incidence in typhoon-affected areas, although higher than the overall poverty level, also declined.

14. The first expected project output was to be a finalized YRRP that is endorsed by the government. This output was fully achieved and a Comprehensive Rehabilitation and Recovery Plan (CRRP)—the title of the approved YRRP—was approved by the Philippine President on 29 October 2014. The National Economic Development Authority (NEDA) was responsible for coordinating this work, assisted by development partners, including ADB, which provided staff to assist with disaster response and to assess the damage and loss.

15. The second expected project output was a finalized financing scheme for the YRRP and initiatives launched to mobilize resources from both domestic and international sources. According to the PCR, this output was also fully achieved, but the discussion only focused on the full disbursement of the EARTY and neglected to mention other resources that had been mobilized (PCR, paras. 29–31). Despite some lack of information on the second project output, this validation considers the project *highly effective* in meeting its expected outcome and outputs at the time of the PCR in mid-2016.⁴

C. Efficiency of Resource Use in Achieving Outcomes and Outputs

16. The PCR rated the EARTY *highly efficient* in achieving its expected outcome and outputs, and based its assessment on the efficiency of processing the loan. The PCR found the design and underlying business process of the project to be very efficient in helping the government mitigate the impacts of the devastation caused by typhoon Yolanda. In particular, ADB and the government had fast-tracked the processing of the project to ensure a timely response to the disaster.

17. ADB began the processing of the EARTY while the government was still drafting its recovery plan. The project was approved less than 1 month after the typhoon struck and the loan agreement was signed 45 days thereafter. Thus, the processing efficiency of the EARTY was excellent.

18. On the implementation efficiency of EARTY, the intended injection of funds into the 2014 budget did not occur as quickly as anticipated at project appraisal. Although the loan was approved on 23 December 2013, the disbursement of the first tranche did not occur until March 2014 and only 60% of the total EARTY funds were withdrawn by the government in

⁴ As the RRP outcome date was to be done by end of 2017, this assessment is 18 months earlier than planned.

2014. Given the enormity of the crisis situation, this validation considers that the government handled implementation quite well in terms of not taking funds before these could be used for the intended purposes.

19. Given these generally favorable findings, this validation assesses the project *highly efficient*.

D. Preliminary Assessment of Sustainability

20. The PCR rated the EARTY *likely sustainable* based on the creation of OPARR in December 2013 and its subsequent transfer of functions to the Project Monitoring Office in NEDA in April 2015. This has contributed to the recovery and rehabilitation program's being well coordinated and expected sustainability.⁵

21. Although the long-term sustainability of the EARTY was outside the scope of the project—which was to provide emergency assistance to mitigate the adverse social impact of the typhoon on the poor—there are indications that the project is likely to be sustainable. First, no major policy reversals in the approach to the rehabilitation and recovery plan were noted and NEDA continued to be involved in overseeing the rehabilitation and recovery efforts. This shows that there are adequate institutional arrangements for implementing agreed upon reforms. Second, the latest quarterly release update showed that funds continued to be released in 2016, increasing the funds from P93.8 billion by the end of 2015, to P105.4 billion as of end March 2016.⁶

22. Based on the foregoing, this validation assesses the project *likely sustainable*.

E. Impact

23. The PCR rated the impact of the EARTY *significant* in the short term. Although ADB had expected that the economy of the Visayas Region would contract by 4%–8% in 2014, real GRDP growth in the Visayas was stable at 5.6% during 2011–2014, compared with real GRDP growth of 4.2% from 2002 to 2009. In 2014, Central and Western Visayas had a higher GRDP growth than estimated by ADB, and Eastern Visayas recorded a much lower economic contraction than the 30% contraction estimated by ADB. In the longer term, the PCR expected that the impact of the project's recovery and reconstruction efforts could also be significant, since the build-back-better concept would help the Visayas Region to better weather the devastating effects of future typhoons.

24. Based on the above, this validation concurs with the PCR rating and assesses the project impact *satisfactory*.⁷

⁵ See Memorandum 79 s 15 dated 22 April 2015. <http://www.gov.ph/2015/04/22/memorandum-order-no-79-s-2015/>

⁶ See Department of Budget Management. http://www.dbm.gov.ph/?page_id=15352

⁷ Beginning May 2016, IED adopts the ratings terminology of the April 2016 Guidelines for the Evaluation of Public Sector Operations on development impacts. In this terminology, a *less than satisfactory* rating coincides with the *moderate* rating that was used before.

III. OTHER PERFORMANCE ASSESSMENTS

A. Performance of the Borrower and Executing Agency

25. The PCR rated the overall performance of the borrower and the executing agency *highly satisfactory*. The Department of Finance coordinated closely with the Philippine's Bureau of Treasury on the estimated schedule of funds for recovery activities, and with ADB on the timing of withdrawal of loan proceeds. The government appropriately established the OPARR and later the Project Monitoring Office in NEDA to coordinate and monitor all activities under the CRRP.

26. All in all, this validation concurs that the government's planning and coordination were good, given the unprecedented scale of the disaster, and considers the performance of the borrower *highly satisfactory*.

B. Performance of the Asian Development Bank

27. The PCR rated the performance of ADB *highly satisfactory*. ADB responded quickly to the government's request for emergency assistance and was proactive in dealing with the government from processing up to full disbursement. Immediately after the disaster, it mobilized its staff resources and worked closely with NEDA and other development partners in preparing the damage and loss assessment, which formed the basis of the government's recovery plan. ADB also established an extended mission office in Tacloban.⁸

28. This validation concurs with the PCR rating of the performance of ADB *highly satisfactory*.

IV. OVERALL ASSESSMENT, LESSONS, AND RECOMMENDATIONS

A. Overall Assessment and Ratings

29. This validation rates the project *highly successful*. It is *highly relevant, highly effective, highly efficient, and likely sustainable*.

Table 1. Overall Ratings

Criteria	PCR	IED Review	Reason for Disagreement and/or Comments
Relevance	Highly relevant	Highly relevant	
Effectiveness in achieving outcome	Highly effective	Highly effective	
Efficiency in achieving outcome and outputs	Highly efficient	Highly efficient	
Preliminary assessment of sustainability	Likely sustainable	Likely sustainable	
Overall assessment	Highly successful	Highly successful	
Impact	Significant	Satisfactory	

⁸ ADB. 2014. *Typhoon Yolanda (Haiyan): Asian Development Bank Assistance*. Manila. <https://www.adb.org/publications/typhoon-yolanda-haiyan-asian-development-bank-assistance>

Criteria	PCR	IED Review	Reason for Disagreement and/or Comments
Borrower and executing agency	Highly satisfactory	Highly satisfactory	
Performance of ADB	Highly satisfactory	Highly satisfactory	
Quality of PCR		Satisfactory	Refer to paras. 39–40.

ADB = Asian Development Bank, IED = Independent Evaluation Department, PCR = project completion report.
 Note: This report uses the ratings terminology of the April 2016 Guidelines for the Evaluation of Public Sector Operations.

Source: ADB Independent Evaluation Department.

B. Lessons

30. The PCR had three lessons from the project and is presented in the table below.

Table 2. PCR Lessons and PCR Validation Comments

PCR Lessons	PCR Validation Comment
The processing of the EARTY before the government finalized its YRRP (called the CRRP in its final form) provided the government with the certainty of funding, and ensured the effectiveness of CRRP implementation. ADB worked with the government in preparing the DMF of the CRRP.	Supported. This validation agrees that the proactive position adopted by ADB helped the government to quickly develop a recovery plan and the pledge of funds to the national budget provided the government with certainty of some funding.
The close coordination between ADB and the government was crucial since the government planned to withdraw the loan proceeds based on its financing needs to support CRRP implementation, and lacked a definite schedule for disbursements. This arrangement ensured ADB's timely release of funds when needed.	Supported. The government retained control over YRRP expenditure and was able to use funds as required to meet government priorities.
Even if funds were available, delays in implementing the CRRP were inevitable because existing government policies hindered the smooth implementation of the programs, projects, and activities of CRRP. Such policies include procurement laws and land use policies. Some policies may have to be reviewed to meet post-disaster, recovery-related needs, and other mechanisms meant to speed up post-disaster public procurement.	Supported. Close coordination and integrating land-use, procurement, project selection, and implementation need to be thoroughly assessed and set-up for this kind of large-scale post-disaster support. Stakeholders need to understand that in operations such as typhoon Yolanda recovery, it will not always be possible to deliver all aid as planned and alternative delivery channels may be needed.

ADB = Asian Development Bank, EARTY = Emergency Assistance for Relief and Recovery from Typhoon Yolanda, CRRP = Comprehensive Rehabilitation and Recovery Plan, DMF = design and monitoring framework, PCR = project completion report, YRRP = Yolanda Recovery and Rehabilitation Plan.

Source: ADB. 2016. *Completion Report: Emergency Assistance for Relief and Recovery from Typhoon Yolanda in the Philippines* (para.41).

31. This validation also considers two other lessons learned from the project. First, risk management framework is vital in mitigating the high-risk aspects of the project. These could be avoided by specifically monitoring those risks that remain high. This need to be articulated in the RRP so that the borrower reports back on these high-risk areas, and to satisfy the ADB concern that appropriate monitoring is occurring. Second, the DMF should provide short-, medium-, and long-term indicators to help ensure that progress is being made as planned.

C. Recommendations for Follow-Up

32. There were five project-related and four general recommendations. On the quality of the PCR, this validation's comments on the clarity and presentation of recommendations are discussed further in paras. 39–40.

33. **Project-related recommendations.** This validation agrees with project-related recommendations (i)–(iv) as presented by the PCR (para. 41). In recommendation (v), this validation would like to add that, given that the final disbursement of the EARTY was made in 2015, any performance evaluation report should already cover the impact of all aid elements provided by ADB in the Yolanda recovery and rehabilitation. This includes the EARTY budget support, the reallocation of ADB funds from ongoing ADB products, the various TA activities, and the Yolanda extended mission in Tacloban.⁹ Although a project performance evaluation review could be carried out in 2019, there may be advantages in conducting an earlier review (maybe late 2017 when YRRP implementation is planned to be completed) to provide an update on the recovery operations and to check that these are on track to meet long-term outcomes.

34. **General recommendations.** This validation notes that recommendations (i), (ii), and (iii) are directed at the government and not on ADB. While the recommendations are clear in the heading, the supporting information is not clear on what should be done, and thus will not be easy to follow up. The recommendation to institutionalize the implementation of the government's disaster risk financing strategy does not seem to be a new recommendation since the government appears to be doing this already.

35. Recommendation (iv) is for ADB to review its Disaster and Emergency Assistance Policy to allow the use of the EAL mechanism of ADB to support policy-based loans.¹⁰ There may be value in such a review to consider whether EALs (where funds are provided to the government budget with no specific end uses being earmarked) should be treated differently than program loans. ADB will continue to find it difficult to evaluate, other than in a generic way, during the life of a project how its assistance has been used.

V. OTHER CONSIDERATIONS AND FOLLOW-UP

A. Monitoring and Evaluation Design, Implementation, and Utilization

36. The DMF (PCR, Appendix 1) had high-level performance targets, indicators, and baselines using growth rates in real GRDP (by the end of 2019) and per capita consumption of the poorest 50% recovering to pre-typhoon levels (by the end of 2017). There were no interim indicators for ADB to confirm that progress in the early years of operation would lead to achieving the impact or outcome. Given that disaster recovery operations normally have three overlapping phases—relief, recovery, and reconstruction—there would have been advantages in a monitoring framework with indicators that showed progress in the phases that ADB assistance would be used.

37. Monitoring relied heavily on government data although the ADB response team provided the government with TA and capacity support. The RRP showed that a stand-alone TA for monitoring YRRP implementation will also engage a civil service organization to carry out

⁹ ADB. 2014. *Typhoon Yolanda (Haiyan): Asian Development Bank Assistance*. Manila.

<https://www.adb.org/publications/typhoon-yolanda-haiyan-asian-development-bank-assistance>

¹⁰ This validation notes there were two earlier related reviews—in 2008 (now superseded) and in 2014.

monitoring and evaluation of selected YRRP activities in severely affected areas (RRP, para. 26) although this was not mentioned in the PCR.

38. Since one of the purposes of risk management assessment is to ensure that the management of the project, and the monitoring and reporting framework focus on major risks, the PCR could have explicitly presented how these risks were managed during the implementation phase of YRRP. For example, if the successful use of civil service organizations in monitoring YRRP implementation was discussed, or if the risks to corruption were mitigated, if presented in the PCR, would have provided transparency and information on whether the project risks had been managed adequately.

B. Comments on Project Completion Report Quality

39. This validation finds the quality of the PCR *satisfactory*. The PCR was well written, with a detailed description of how the Yolanda recovery and rehabilitation was planned and how ADB funds were released. A timeline to show the activities would have been helpful to demonstrate the speed of the initial response to the crisis.

40. This validation considers three ways where the quality of the report could be improved:

- (i) The PCR could have presented in more detail the other ADB typhoon-related funding activities and those of other development partners, such that the total recovery effort could have been put in context;
- (ii) The evaluation of effectiveness omitted the discussion on the effectiveness of the second output indicator; and
- (iii) On the risks identified in the RRP, the PCR would be improved by discussing how these risks influenced the monitoring activities and whether the risks had been mitigated fully by the measures. The risk management matrix in the RRP would have been better if it included the residual risk rating once the measures had been applied, and the PCR should have looked into how the high risks identified in the RRP had been managed.

C. Data Sources for Validation

41. The main data sources for this validation were the PCR; RRP; ADB loan agreement; ADB Disaster and Emergency Relief Policy (2004); Operational Plan for Integrated Disaster Risk Management Operation Plan: 2014–2020 (2014); government reports from the Department of Budget Management, NEDA, and OPARR; the government's Yolanda relief updates; the Philippine's Commission of Audit report, ADB updates, and the loan review mission report.

D. Recommendation for Independent Evaluation Department Follow-Up

42. This validation concurs with the PCR recommendation that no further follow-up action by the Independent Evaluation Department is required because the EARTY had been fully disbursed. However, there may be value in doing an evaluation of the whole ADB contribution to the typhoon Yolanda's rehabilitation and recovery efforts at the end of 2017 when YRRP is expected to be fully implemented.