

**PHILIPPINES**  
**SECOND PUBLIC-PRIVATE SECTOR DIALOGUE**  
**ON POST-DISASTER ASSISTANCE**  
December 2, 2009

**WORLD BANK GROUP REMARKS**

We commend the Government of the Philippines, its development partners, the private sector, and millions of ordinary Filipinos that gave their time, effort and resources to provide humanitarian assistance to the many affected by the floods. We would like to thank our partners in central and local government, private sector and civil society and our development partners for the excellent cooperation on the Post-Disaster Needs Assessment.

We welcome the post-disaster management structure that the Government has set up through the Special National Public Sector Reconstruction Commission and its institutionalized cooperation with the private sector. This, we feel, builds on the strengths of the Philippine Society, and is quite unique compared to post-disaster efforts in other countries. We encourage to government and their private partners to sustain this management structure going forward.

We welcome the Government's suggestion to establish a Disaster Risk Management working group under the Philippines Development Forum. This working group, which can build on years of cooperation of NDCC with development partners, can become an important vehicle for continued dialogue and cooperation on recovery and reconstruction, and on the broader issues of disaster risk reduction and management as well as monitoring and evaluation of ongoing efforts in the post-Ondoy and Pepeng recovery and reconstruction.

We appreciate the Government's commitment to transparency and accountability on recovery and reconstruction spending. We are looking forward to supporting the government as it implements a system of expenditure tracking and reporting, civil society monitoring, and accountability that maximizes the probity and effectiveness of funds spent.

The World Bank Group is committed to supporting central and local government and the private sector in recovery and reconstruction post-Ondoy and Pepeng. We see this as an opportunity to develop innovative approaches to recovery and reconstruction and see our support as part of the country's efforts to improve disaster risk management, flood control, urban renewal and housing for the poor.

We are also committed to continue to involve local governments in recovery and reconstruction and disaster risk management work, and would welcome the government's

innovations in the intergovernmental financing framework that would provide local governments with financing at appropriate terms.

It is in the spirit of innovative solutions, structural reforms and transparency that the Bank considers its support for the Philippines efforts for reconstruction and recovery.

We are pleased to inform the meeting that we have already secured a GFDRR grant in the order of \$5 million to work with local governments around the country to improve disaster risk management and mapping. This comes in addition to the \$250,000 grant mobilized from the GFDRR for the PDNA. We are committed to continue to provide technical assistance in the areas of disaster risk management, flood management, urban renewal and slum upgrading, social safety nets, low income housing, and recovery and reconstruction expenditure tracking. The Bank will devote its own administrative resources to such technical assistance as well as seek grant assistance from our development partners.

Based on the PDNA, we recognize that the disaster has considerable impact on the fiscal position of the Philippines, at a time when public finances are already stretched because of the impact of the crisis, the need for the fiscal stimulus, and the gradual erosion of tax buoyancy. We would like to continue to encourage the government to improve tax efforts in the months ahead, but would like to respond positively to the government's request for quick disbursing funds this year, in order to address the immediate needs in recovery and reconstruction. We hope to propose to our Board a loan in the order of \$250 million before the end of the year.

Depending on the choices the government makes regarding next year's budget, the World Bank could consider further budget support to support progress in disaster risk management and reconstruction. Such support could include a *deferred drawdown* option, which would enable the government to draw on a contingent line of credit in case of a future disaster. We also hope to further pursue with the authorities the proposal to establish a local government risk pool, possibly backed by a World Bank catastrophe line of credit.

The Bank has already discussed with the authorities the various options for restructuring of the existing portfolio and lending pipeline in light of the post disaster needs. These options could be used without further increasing the government's deficit or debt, and could finance a range of recovery and reconstruction work in irrigation, roads, health and education facilities, water management, community development and local infrastructure. The total of these options as currently identified could mobilize some \$300 million for recovery and reconstruction from these sources. We would like to encourage the government to decide on these options and set in motion the necessary approvals of ICC and budget releases so as to mobilize funds as soon as possible.