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# Trailblazing toward a Climate and Disaster-Resilient Philippines

## Background

The Philippines is the world's most disaster prone country, ranked first in terms of hazard exposure and vulnerability for four consecutive years.<sup>1</sup> From 1993 to 2022, typhoons and other extreme weather events caused PHP1.97 trillion (US\$34 billion) in economic losses.<sup>2</sup> These shocks disrupt livelihoods and food systems, damage infrastructure, and push low-income communities deeper into poverty, further exacerbating vulnerabilities. Agricultural losses due to climate shocks cut food supplies, erode farmers' livelihoods, and force families to resort to negative coping mechanisms.

The World Food Programme (WFP) supports the Government of the Philippines in advancing financial protection for climate-vulnerable communities through climate and disaster risk finance and insurance (CDRFI). These innovative financing mechanisms enable communities and institutions to better manage and recover from loss and damage brought by extreme weather events. This helps farmers and other at-risk communities rely less on negative coping strategies, strengthening their climate and disaster resilience.

## Climate and Disaster Risk Financing and Insurance in the Philippines

The Philippines has increasingly shifted from traditional emergency response to proactive disaster risk management (DRM). Over the past decade, the Government has strengthened its CDRFI portfolio through a mix of budgetary reserves, contingent credit, and insurance-based risk transfer.<sup>3</sup> While these mechanisms are in place, they are often underutilized. Beyond protecting sovereign assets and infrastructure, there is an opportunity to further leverage these instruments to protect vulnerable households from disaster impacts.

Together with WFP, the Government is making efforts to link CDRFI with social protection and disaster risk management systems. These mechanisms recommend institutionalizing risk layering, linking payouts to social protection programmes, and strengthening regulatory frameworks to enhance resilience. Currently, the Department of Finance is working with the Global Shield Secretariat, the Institute for Climate and Sustainable Cities, and development partners in enhancing CDRFI mechanisms to bolster financial defenses against

<sup>1</sup> [2025 World Risk Report](#)

<sup>2</sup> [2025 Climate Risk Index](#)

<sup>3</sup> Budgetary reserves are pre-allocated savings in the budget that can be quickly tapped when an event occurs. A contingent credit line is a ready-to-use emergency loan that disburses immediately when a disaster or predefined event occurs. Insurance-based risk transfer is a financial mechanism where one transfers the financial consequences of a potential loss to an insurer in exchange for paying an insurance premium.

climate shocks and mitigate loss and damage especially in the most vulnerable sectors.

Insurance, the most accessible tool in managing the financial risks of disasters, is being applied in new ways to protect against a wide range of risks. These include climate risks such as droughts, geophysical risks like earthquakes, as well as epidemics and disease outbreaks.



## Key CDRFI Developments in the Philippines



In 2017, the government-owned insurance company (Government Service Insurance System or GSIS) issued a **parametric insurance** to select 25 provinces to cover financial losses from tropical cyclones and earthquakes.<sup>4</sup> As a result, the Bureau of Treasury, as the policyholder, was paid PHP83.5 million (US\$1.4 million) in response to several claims made during the policy period. However, the Government did not renew this initiative due to other priorities at the time.



In 2019, the World Bank facilitated **catastrophe bonds** providing the Government up to PHP11.4 billion (US\$225 million) coverage for earthquakes and typhoons. In 2021, Typhoon Odette (Rai) devastated parts of the country, triggering a payout of PHP3 billion (US\$52.5 million). The bond expired in 2022 and was not renewed.



Since then, other forms of CDRFI are in place. In November 2023, the World Bank approved a **development policy loan with a Catastrophe Deferred Drawdown Option (CAT DDO)** to strengthen the Philippines' disaster and climate risk management, with particular focus on protecting schools, human settlements, and health facilities. The CAT DDO is effective for three years starting February 2024, renewable up to four times for a maximum period of 15 years. In November 2025, the Government requested access to the liquidity facility after President Ferdinand Marcos Jr. declared a State of National Calamity in response to typhoon Tino (Kalmaegi), triggering a payout of PHP29 trillion (US\$500 million).



In 2024, under the National Indemnity Insurance Program (NIIP), the GSIS issued a **fire insurance policy** covering more than 132,000 public school buildings of the Department of Education nationwide. The policy, effective 1 January 2024, provided protection against fire, lightning, and natural hazards, ensuring comprehensive coverage for critical government assets and rapid access to funds when disasters strike. To date, PHP34 million (US\$587,400) has been paid out to settle various claims filed within the policy period.

<sup>4</sup> Parametric insurance is a type of insurance that provides rapid payouts based on an event, usually on pre-defined triggers such as rainfall or wind speed.

## WFP's Role in the Evolving Disaster Risk Financing Landscape

In the Philippines, WFP focuses on integrating the evolving disaster risk financing tools and mechanisms into national DRM and social protection frameworks to support climate-vulnerable people before and after hazards.

### Anticipatory Action

In 2025, the Philippines became the first country in the world to institutionalize anticipatory action in the national DRM framework through the passage of Republic Act No. 12287 (State of Imminent Disaster Act). The law, developed by the Office of Civil Defense with technical support from WFP and other partners, signals a shift towards even more proactive DRM. Ahead of super typhoon Uwan (Fung-wong) making landfall in November 2025, the Government and WFP activated anticipatory action for the first time and provided cash assistance to over 210,000 people in five provinces through the 4Ps: Pantawid Pamilyang Pilipino Program, a national social protection programme.

### Microinsurance Linking with Social Protection

WFP partnered with the Government to launch microinsurance for select 1,000 households under the 4Ps programme residing in typhoon-prone areas of the country. Households benefit from a property insurance package bundled with a financial literacy training, and WFP covers the cost of the premiums.<sup>5</sup> This initiative seeks to demonstrate how linking microinsurance with social protection can enhance resilience and reduce long-term vulnerability among at-risk communities.

By introducing microinsurance, DSWD and WFP seek to empower 4Ps families to better cope with climate-related shocks and other emergencies, while encouraging continued engagement with financial products that promote long-term security. Through this partnership, WFP is supporting the Government in creating a replicable model that can strengthen resilience in disaster-prone communities nationwide.

### Mesoinsurance for Farmer Cooperatives

WFP partnered with CLIMBS Life and General Insurance Cooperative to conduct capacity strengthening for farmer cooperatives to enhance their financial literacy and access to disaster risk financing mechanisms like insurance. The partnership enabled farmers to receive

training in financial literacy, agricultural practices that strengthen climate resilience, and access to CLIMBS' parametric insurance product, the Weather Protect Insurance (WPI).

Through business forums and orientations for cooperatives, farmers gained increased awareness of climate risks and understanding of parametric insurance mechanisms. They also received support in using CLIMBS' digital app for climate-smart agriculture, insurance policy monitoring, and claim filing. Through these efforts, 12,845 farmers across five provinces were enrolled and protected by the WPI product. After super typhoon Uwan (Fung-wong) made landfall, six cooperatives in Surigao del Norte received payouts, highlighting the importance of scalable risk-transfer mechanisms in safeguarding vulnerable farming communities.

### Zero Hunger Accelerator – Philippines

WFP, together with FAO and UN Women, is implementing a joint programme that mobilizes innovative blended financing to build inclusive, nutrition-sensitive, and climate-resilient food systems, aligned with government priorities. This initiative helps link smallholder farmers, particularly women and vulnerable households, to institutional markets such as school feeding and social protection programmes. It helps expand financial access for farmers by integrating CDRFI and deploying nano-credit (small loans) bundled with insurance to reduce risk, enhance capacities, and unlock sustainable food system investments. By connecting farmers to financial services and stable markets, the programme derisks participation, attracts private sector investment, and strengthens policy coordination to advance food systems transformation.



<sup>5</sup> Insurance premium is the cost of transferring risk to the insurer.

## Leveraging Social Protection for CDRFI

CDRFI is increasingly being linked with social protection systems to enhance resilience. This integration is critical to provide timely support for vulnerable communities, as social protection programmes can be used to deliver rapid assistance during climate shocks or disasters. By leveraging risk financing instruments, governments can avoid disruptive budget reallocations during crises and ensure fiscal stability. WFP is currently working on strengthening these linkages at both meso (institutional/market) and micro (household/community) levels, and is actively working with the Global Shield Financing Facility to support the Government in enhancing CDRFI.

## Outlook for CDRFI

Building on the lessons of recent response operations, findings of landscape analyses, and ongoing insurance pilots, WFP works with government partners and insurance aggregators to further institutionalize disaster risk financing tools and mechanisms.

### 1. Policy and Systems Strengthening

- Support the development and integration of CDRFI within national frameworks and social protection systems.
- Provide technical assistance in the drafting of the Disaster Risk Financing and Insurance Bill and in proposing amendments to the 4Ps Law.

### 2. Institutional Coordination and Capacity Development

- Enhance collaboration among government agencies, humanitarian actors, and private sector stakeholders.
- Strengthen technical capacity for risk financing and disaster preparedness.

### 3. Operational and Innovation Pilots

- Test and scale innovative financing solutions including Takaful (Islamic insurance) innovations that complement existing social protection programmes at meso and micro levels.
- Develop models for rapid response and resilience strengthening.

## Key Achievements to Date



Over 210,000 people across five provinces received anticipatory cash assistance before super typhoon Uwan (Fung-wong)



12,845 farmers enrolled and covered with Weather Protect Insurance through the capacity strengthening partnership with CLIMBS



PHP30,540 (US\$527) in payouts made after Uwan's landfall for six cooperatives covered with Weather Protect Insurance



Partnered with the Government in providing microinsurance for 1,000 families listed under the national social protection programme

Read more about the Philippines' CDRFI landscape:



Learn more about WFP in the Philippines:



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