



DEPARTMENT OF FINANCE  
BUREAU OF LOCAL GOVERNMENT FINANCE

*Improving Local Finance, Empowering Local Governments towards Sustainability*

# PIDS Webinar: Examining the Philippines' Bottom-up Approach to Disaster Risk Reduction and Management

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28 July 2022 | 2:00 pm to 4:30 pm via Zoom

# Outline of Presentation

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- I. LDRRMF FY2018 to FY2022**
- II. LGU Budget and Expenditure vs National Budget on DRRM**
- III. BLGF's Comments/Position**

# LDRRMF FY2018 to FY 2022

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# LDRRMF FY2018 to FY 2022

- a. The initial estimates of the BLGF for the FY2022 and FY2023 LDRRMF of the provinces, cities and municipalities based only on the 5% of the National Tax Allotment (NTA), which serve as the low-end estimates, and based on % of NTA and the initial local revenue forecasts, which serve as high-end estimates, are shown in Tables 1 and 2:

Table 1. LDRRMF Data Estimates for FY2022, *in Php billion*

LGU Type	Low-End Estimates			High-End Estimates		
	70%	30%	Total	70%	30%	Total
Province	7.69	3.30	10.99	8.90	3.81	12.72
City	7.72	3.31	11.03	14.61	6.26	20.87
Municipality	11.41	4.89	16.30	13.36	5.72	19.08
<b>Total</b>	<b>26.83</b>	<b>11.50</b>	<b>38.32</b>	<b>36.87</b>	<b>15.80</b>	<b>52.67</b>



# LDRRMF FY2018 to FY 2022

- a. The initial estimates of the BLGF for the FY2022 and FY2023 LDRRMF of the provinces, cities and municipalities based only on the 5% of the National Tax Allotment (NTA), which serve as the low-end estimates, and based on % of NTA and the initial local revenue forecasts, which serve as high-end estimates, are shown in Tables 1 and 2:

Table 2. LDRRMF Data Estimates for FY2023, *in Php billion*

LGU Type	Low-End Estimates			High-End Estimates		
	70%	30%	TOTAL	70%	30%	TOTAL
Province	6.58	2.82	9.40	7.93	3.40	11.32
City	6.60	2.83	9.43	14.35	6.15	20.50
Municipality	9.76	4.18	13.94	11.93	5.11	17.04
<b>Total</b>	<b>22.94</b>	<b>9.83</b>	<b>32.78</b>	<b>34.20</b>	<b>14.66</b>	<b>48.86</b>



# LDRRMF FY2018 to FY 2022

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b. From FY2018 to FY2021, actual expenditures under the LDRRMF **grew by an average of 41%**. It was Php9.5 billion in FY2018 and went up to Php28.44 billion in FY2020, but declined to Php19.55 billion in FY2021. The percentage of actual LDRRMF expenditures were less than 10% of the following: local revenues (7%), internal revenue allotment (4%), total operating income (2%) and total operating expenditures (3%) during the 4-year period:



# LDRRMF FY2018 to FY 2022

Table 3. Ratio of LDRRMF to selected parameters, in Php billion

Particulars	2018	2019	2020	2021	Average
LDRRMF	9.51	13.21	28.44	19.55	17.68
Local Revenues	230.89	253.57	252.57	256.21	248.31
Internal Revenue Allotment	416.93	456.80	516.07	554.02	485.96
Total Operating Income	688.59	738.01	833.92	871.30	782.96
Total Operating Expenditures	417.31	466.94	561.66	586.69	508.15
<b>Growth Rates</b>					
<i>LDRRMF</i>		39%	115%	-31%	<b>41%</b>
<i>Local Revenues</i>		10%	0%	1%	<b>4%</b>
<i>Internal Revenue Allotment</i>		10%	13%	7%	<b>10%</b>
<i>Total Operating Income</i>		7%	13%	4%	<b>8%</b>
<i>Total Operating Expenditures</i>		12%	20%	4%	<b>12%</b>
<b>Percentage of LDRRMF to:</b>					
<i>Local Revenues</i>	4%	5%	11%	8%	<b>7%</b>
<i>IRA</i>	2%	3%	6%	4%	<b>4%</b>
<i>Total Operating Income</i>	1%	2%	3%	2%	<b>2%</b>
<i>Total Operating Expenditure</i>	2%	3%	5%	3%	<b>3%</b>



# LDRRMF FY2018 to FY 2022

c. Based on the actual expenditures of LGUs on LDRRMF, the highest utilization rate was noted in **FY2020 with 66%** while the lowest in **2018 at 41%**. In **FY2021, utilization rate settled at 52%**.

Table 4. Utilization Rate of LDRRMF of All LGUs

LGU Type	Budget Appropriation					Actual Expenditures				Utilization Rate			
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2018	2019	2020	2021
Province	6.27	6.81	9.20	9.11	10.99	2.41	3.01	5.05	4.10	38%	44%	55%	45%
City	8.27	10.23	19.85	14.96	11.03	2.81	4.54	13.02	6.89	34%	44%	66%	46%
Municipality	8.83	10.92	14.20	13.79	16.30	4.30	5.66	10.37	8.56	49%	52%	73%	62%
<b>Total</b>	<b>23.36</b>	<b>27.96</b>	<b>43.24</b>	<b>37.86</b>	<b>38.32</b>	<b>9.51</b>	<b>13.21</b>	<b>28.44</b>	<b>19.55</b>	<b>41%</b>	<b>47%</b>	<b>66%</b>	<b>52%</b>





# **LGU Budget and Expenditure vs National Budget on DRMM**

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# LGU vs National

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- The budget appropriations for LGUs for the **LDRRMF** is **greater than the budget appropriations for the National Disaster Risk Reduction Management Fund (NDRRMF)** set by the DBM. In addition, it is noticeable that the budget for the LDRRMF in comparison to the NDRRMF was slightly higher in FY2020 to FY2022 which can be attributed to the occurrence of the COVID-19 pandemic. The DBM issued **Local Budget Circular No. 124** dated 26 March 2020, where LGUs optimized their available financing resources, especially the use of LDRRMF, for COVID-19 related programs, projects and activities.

# LGU vs National

Table 5: LDRRMF Budget Appropriation vs NDRRMF Budget Appropriation

LGU Type	Budget Appropriation				
	2018	2019	2020	2021	2022
LDRRMF	23.36	27.96	43.24	37.86	38.32
NDRRMF <sup>1</sup>	19.60	25.14	22.23	25.14	20.70
<i>Ratio</i>	119%	111%	195%	151%	185%



# BLGF's Comments

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# BLGF's Comments

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- a. A well-capacitated local government on policy framework and fiscal management
  - i. In relation to the devolution of functions to LGUs, with the implementation of the Mandanas-Garcia Ruling in FY2022, the Department of the Interior and Local Government (DILG), the Department of Budget and Management (DBM) and the Department of Finance (DOF) and other national government agencies were directed to strengthen the capacity development of the LGUs in public financial management processes, which includes the planning, budgeting and execution of the LDRRMF. The DOF, through **the BLGF through its capacity building activities**, could develop **programs that would help LGUs improve their fiscal management of LDRRMF.**



# BLGF's Comments

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- b. The **absence of standard expenditure report formats** makes monitoring and evaluation muddy across the thematic pillars as they tend to spill over. To address this, **a stronger M&E system should be instituted** alongside budget tagging similar to climate change expenditure tagging mechanism.
  
- i. The LDRRMF utilization data in Statement of Receipts and Expenditures (SRE) reports submitted by the local treasurers to the BLGF could be a good jump-off point on the standard reporting format. This could be improved to capture granular data on the actual utilization of the LDRRMF. Moreover, since the local budget officers are also reporting in the LGU Integrated Financial Tools, budget tagging of the LDRRMF to capture the PPAs could also be part of system enhancement.



# BLGF's Comments

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- c. Low amounts of utilization
  - i. The **utilization is indeed low and is not being maximized by the LGUs**, noting that the average utilization of the LDRRMF for the last 3 years is only half of what is supposed to be the budget allocation.
  - ii. RA No. 10121 provides for the establishment of a LDRRMO. **The establishment of LDRRMO is an additional function devolved to the LGUs in 2010 and RA No. 10121 mandates that the LGUs must set aside 5% of their estimated revenue from regular sources to support such function.**
  - iii. With the increase of the NTA of the LGUs, the available funding for the disaster risk management programs and activities is expected to follow as well. However, **the absence of LDRRMP and the non-establishment of LDRRMOs are among the several challenges in optimizing the utilization of 5% LDRRMF.**



# BLGF's Comments

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- c. Low amounts of utilization
  - iv. In addition, the unclear issuances of oversight agencies or spending preferences of local administrations, and lack of technical competencies of staff in these areas, which may be addressed **through appropriate guidelines and capacity building interventions for the LGUs that will strengthen their capacities and capabilities to assume the devolved functions**
  - iv. A **clearer or more flexible mechanism on the transfer of LDRRMF to other LGUs** may be further explored to easily enable LGUs to support each other, especially rich LGUs that may provide funding support to disaster-prone and lower class LGUs.





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**Thank You!**