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# FUNDING THE FRONT LINERS: NEW DISASTER FUND RULES TO HELP LOCAL GOVERNMENTS

*The Australian Embassy in the Philippines and The Asia Foundation, through its Coalitions for Change (CfC) flagship program, hopes to effect policy reform by encouraging civil society, the private sector, the academe, and the government to work together and contribute to transformative change.*

*CfC works on development concerns that are consistent with the Philippine government's agenda: improving education outcomes, reducing vulnerabilities to disaster, ensuring peace and stability in Mindanao, promoting economic growth, and advocating for effective governance.*

On March 14, 2017, the National Disaster Risk Reduction and Management Council (NDRRMC) approved the Rules administering the use of the National Disaster Risk Reduction Management (NDRRM) Fund.<sup>1</sup> The Rules introduced two fundamental changes: 1) the streamlining of funding requests for local government units' disaster risk reduction and management (DRRM) programs, and 2) the shifting of focus from reactive response and recovery to proactive disaster mitigation, prevention, and preparedness.

The new Rules represent the culmination of a Coalitions for Change (CfC) effort that began in June 2015. Under the Partnership of the Australian Government and The Asia Foundation, CfC seeks to introduce reforms that are feasible, scaleable, sustainable, and with potential for impact. This story describes the transformational policy change in Philippine disaster risk reduction and management, the process undertaken to introduce the policy reform, and key lessons from the experience.

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<sup>1</sup>"Guidelines on the Administration of the National Disaster Risk Reduction and Management (NDRRM) Fund." NDRRMC Memorandum Circular No 45 s. 2017.

# DEVELOPMENT CHALLENGE

Limited funds make it difficult for local governments to deliver disaster risk reduction and response efforts. The local DRRM budget (about five percent of a local government’s annual revenue) is inadequate for low income, disaster-prone areas to implement disaster-preparedness measures. Access and use of the National DRRM fund would therefore supplement local government funds to deliver better services to poor and vulnerable communities.

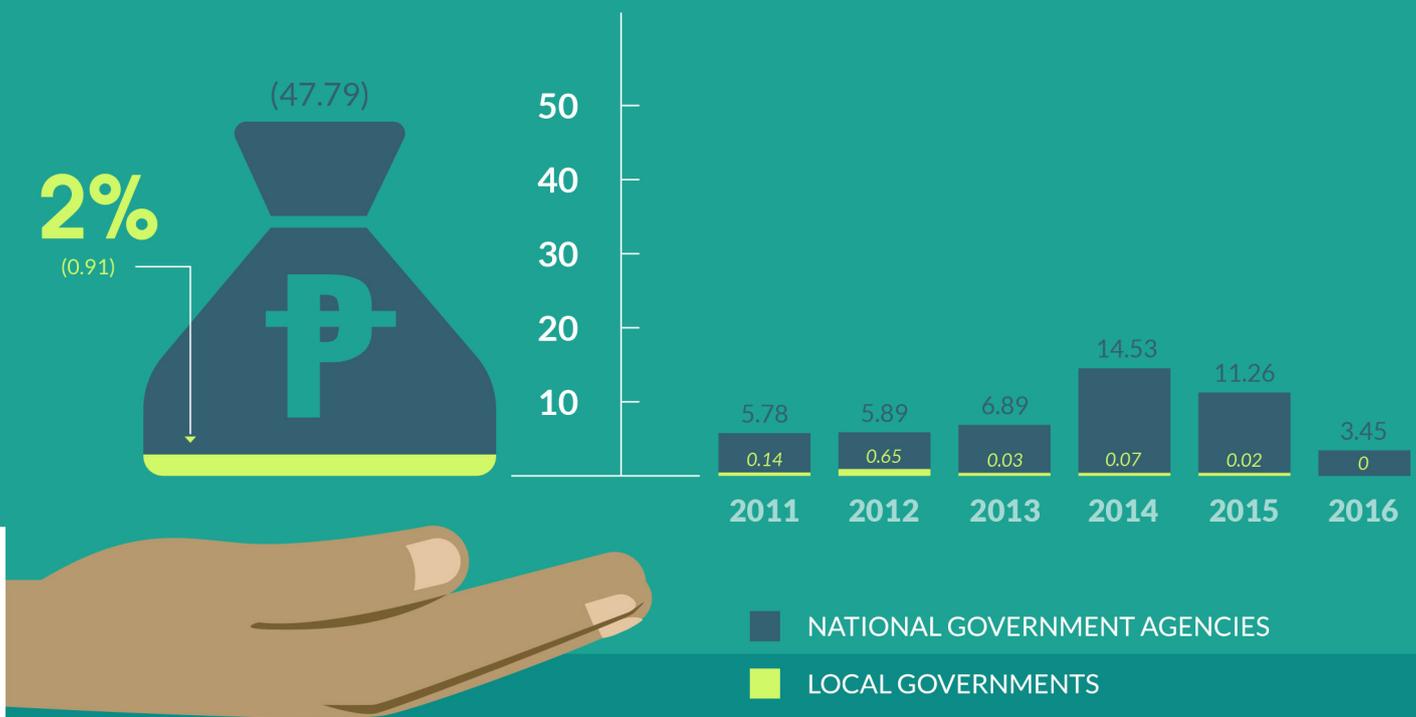
Section 22 of Republic Act 10121, the Philippine Disaster Risk Reduction and

Management Act of 2010, states that the Fund is intended for both national agencies and local governments. Congressional records show that legislators intended the NDRRM Fund to support the DRRM efforts of local governments. Local governments, however, have received a paltry two percent of the total fund releases in the last six years (see Figure 1).

CfC’s research identified the principal culprit: outdated DRRM Fund rules. Issued in 1999 through a National Disaster Coordinating Council (NDCC) Memorandum Order<sup>2</sup>, the rules imposed

**Figure 1: NDRRM FUND RELEASES FROM 2011 TO 2016 (IN PHP BILLIONS)**

Source: Office of Civil Defense (OCD)

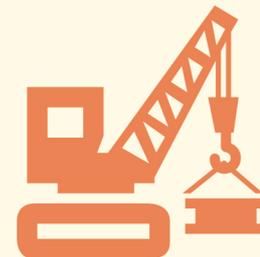


<sup>2</sup> NDCC Memorandum Order no. 2 series of 1999. NDRRMC replaced NDCC through the Philippine DRRM Act of 2010 (Republic Act 10121).

burdensome requirements<sup>3</sup> that impede access of local governments. The rules also perpetuated a reactive approach, i.e. focused on rehabilitation and recovery, that has since become obsolete to the proactive approach of prevention and mitigation.<sup>4</sup>

Because of the outdated rules, post-disaster activities like relief operations, construction of bunkhouses, and rehabilitation of damaged infrastructure received the bulk of the funds from 2011 to 2016. Minimal funds were allotted to pre-disaster projects, such as the construction of evacuation centers, operation centers, new flood control, and installation of early warning systems.

The old rules state that only 30 percent of the NDRRM Fund should be allocated to relief and recovery. Figure 2, however, shows that virtually the entire Fund was used for relief and response and reconstruction and rehabilitation (49 percent each), with the bulk going to national government agencies' post-disaster projects.

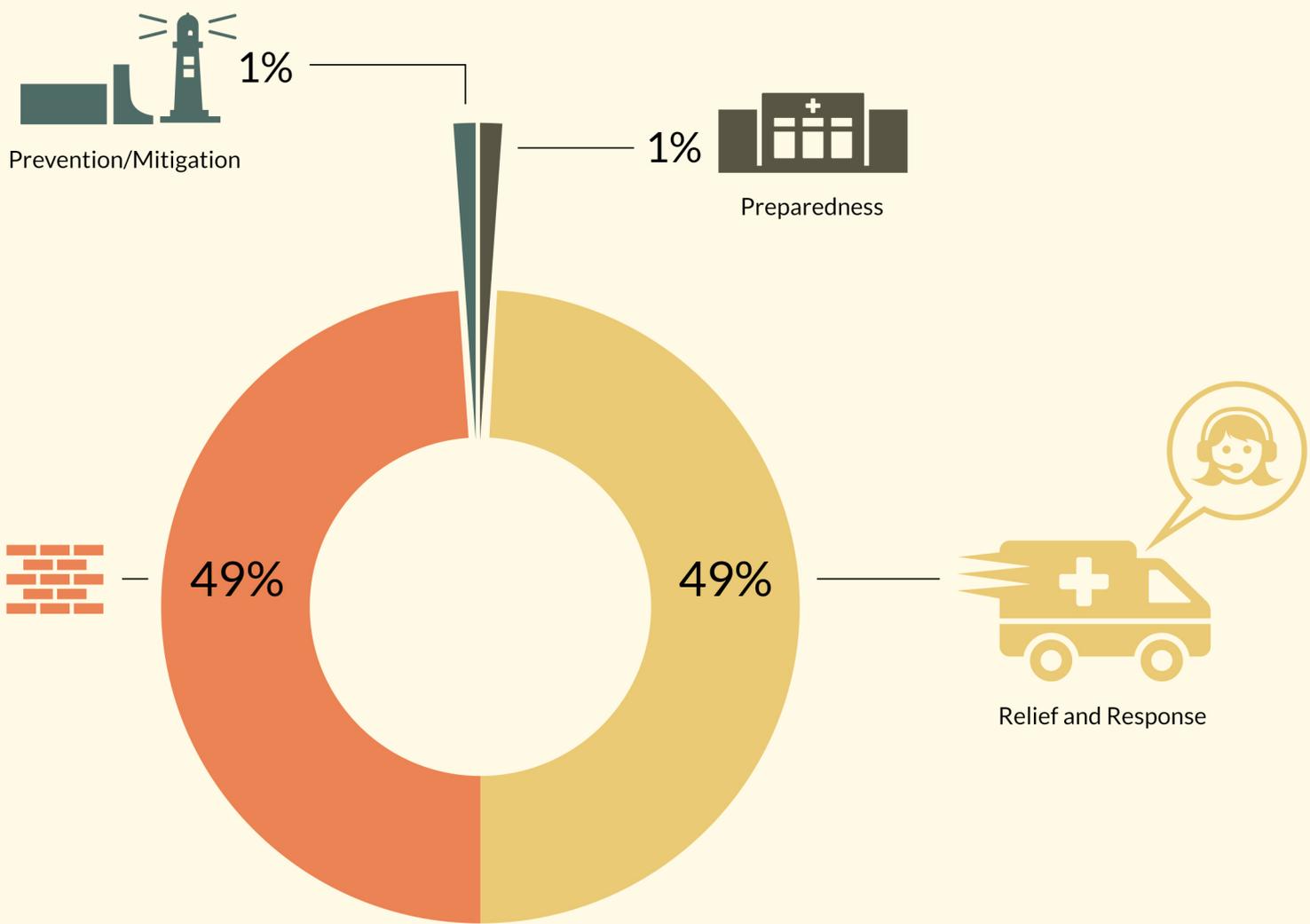


Reconstruction and Rehabilitation

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<sup>3</sup> The outdated Fund rules required local governments to submit a Status of Disaster Preparedness Program and a Local *Sanggunihan* Resolution declaring state of calamity, to name a few. The Philippine DRRM Act of 2010 already refers to Local Disaster Risk Reduction and Management Plan concepts such as prevention, mitigation, relief, and rehabilitation and recovery.

<sup>4</sup> The United Nations (UN) already emphasized the primacy of disaster prevention and preparedness “in reducing the need for disaster relief” and called to consider the two as “integral aspects of development policy and planning”. “Report of the World Conference on Natural Disaster Reduction.” UN, Yokohama, Japan, May 23-27, 1994. Pg. 7.



# REFORM STRATEGY: NA

In 2014, CfC sought to support the Australia and Philippine Governments' interest to make DRRM policies and programs more responsive to local governments. As with most DRRM stakeholders, CfC's efforts initially centered on amending the DRRM Law introduced in 2010.

While the Law's sunset review<sup>5</sup> within the NDRRMC was participatory, the effort slowed down and lost its focus over time. The NDRRM Council was not able to complete the proposed amendments by the end of the Aquino administration in 2016.<sup>6</sup>

CfC also pursued a parallel effort to revise RA 10121's implementing rules and regulations (IRR). The IRR revisions focused on these critical areas: national and local DRRM Fund access, utilization, and tracking; state university and college engagement in DRRM; and mechanisms for international assistance. While pursued with the best intentions, it proved difficult to make significant progress on all the proposed areas for revision. CfC, in consultation with key stakeholders in and out of the government, determined that revising the NDRRM Fund Rules was a key area for reform.

With a more focused reform strategy, CfC supported local champions in the NDRRM

Council pursuing similar initiatives, such as the Center for Disaster Preparedness (CDP) and the Union of Local Authorities of the Philippines (ULAP).

CDP submitted its DRRM Law Review findings to the Office of Civil Defense (OCD)<sup>7</sup> highlighting the need to revise the outdated rules. In a complementary move, ULAP spearheaded the #ParaSaBayan advocacy initiative, a series of policy dialogues and program advocacies aimed at influencing national government policies. For DRRM, ULAP sought to increase support for direct funding of local governments' DRRM programs. CDP and ULAP also conducted round table discussions with DRRM practitioners to enhance the Fund Rules.



One of the round table discussions conducted to enhance the Fund Rules

<sup>5</sup> Section 27 of National DRR Law states that the Congressional Oversight Committee shall conduct a sunset review of the NDRRM Law, a systemic evaluation of the Act's impact and the structure of implementation for amendatory legislation.

<sup>6</sup> There are ongoing efforts to consolidate the recommendations and proposed amendments from the past administration. To date though, no technical working group (TWG) meetings were held in Congress and the Council has yet to submit its recommendations to the Congressional Joint Oversight Committee.

<sup>7</sup> Under the Department of National Defense (DND), the Office of Civil Defense (OCD) is the implementing arm of the NDRRMC. OCD leads the development of approaches and measures to reduce risks to hazards and manage disaster consequences (<http://ocd.gov.ph/>). NDRRMC meanwhile oversees the national and local governments' efforts on natural and man-made disasters (<http://www.gov.ph/>).



# GROWING THE FOCUS



*One of the round table discussions conducted to enhance the Fund Rules*

Despite CDP and ULAP's campaigns, CfC recognized that updating the Fund Rules is not within the immediate agenda of OCD at that time, as OCD was still focused on amending the DRRM Law IRRs. Constrained to use the IRR amendment process as the NDRMM Fund reform's vehicle, CfC drafted six (6) IRR Chapters with the goal of raising the policy agenda to OCD.

In February 2016, CfC joined an OCD-hosted workshop focused on drafting the new

IRR. The workshop enabled CfC to connect with a reform-oriented OCD staff who shared the same concerns about the 1999 NDRRM Fund Rules and recognized the pressure from Congress and other stakeholders to streamline access to the Fund.

With an ally found within OCD, the policy window for the NDRRM Fund reform finally opened.



# REFORM BREAKTHROUGH: SETBACK TO COMEBACK

In March 2016, then-OCD Administrator Undersecretary Alexander Pama endorsed CDP's findings to revise the 1999 Fund rules. Undersecretary Pama assigned CfC's ally in the OCD to assist in the revision process. CDP and OCD staff presented the draft new Fund Rules two months later to OCD leadership but there was not enough support to get it through the NDRRM Council. With the upcoming May 2016 national elections, CfC deemed it prudent to step back on the reform agenda while remaining focused on refining the draft Fund Rules.

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With President Rodrigo Duterte's assumption of office came the appointment of Undersecretary Ricardo Jalad as the new OCD Administrator in July 2016. CfC's ally in the OCD seized this fresh opportunity and presented the draft of the new Fund Rules to Undersecretary Jalad. A few days

later, the proposed Rules were mentioned during the first NDRRM Council meeting.

In September 2016, Undersecretary Jalad met with CfC and requested assistance to draft a Special Provision on budget, like the revised Fund Rules, for presentation to Congress. This request came with the instruction to circulate the proposed Fund Rules to NDRRM Council members and key officials.

Unfortunately, Congress did not adopt the proposed budget Special Provision. In what seemed to be an even worse setback, the approved government budget of the NDRRM Fund for 2017 was reduced to Php 23 billion (AUD 560 million) from the previous year's Php 38.9 billion (AUD 947 million).<sup>8</sup> CfC was quick to use this information to highlight the NDRRM Fund problem to OCD staff and NDRRM Council members. Inquiries from the Office of the President's Cabinet Secretary Office, Congress, and local governments to both the OCD and Council on streamlining the process of NDRRM Fund access further emphasized the urgency and importance of this reform.

<sup>8</sup> General Appropriations Act of 2016 (RA 10717) and of 2017 (RA 10924)



# POLICY APPROVED AND FUNDING UNLOCKED



*The NDRRM Full Council Meeting on March 14, 2017.*

ULAP and CDP pushed to bring the draft Fund Rules to the Technical Management Group (TMG) of the NDRRM Council. OCD, on the side and with support from CfC, continued to incorporate government agencies' and other stakeholders' comments in the new draft Fund Rules.

A TMG meeting led by representatives of the Department of Budget and Management (DBM) and the Office of the President was held on March 9, 2017. CDP and ULAP obtained the TMG's endorsement on the proposed new Fund Rules in this meeting. National Economic and Development Authority

(NEDA) immediately also supported the endorsement.

A revised set of Rules endorsed by the TMG was re-routed to the Council members. With favorable steering from other members of the NDRRM Council, particularly Secretary Judy Taguiwalo of the Department of Social Welfare and Development (DSWD) and Undersecretary Renato Solidum Jr. of the Department of Science and Technology (DOST), the NDRRM Council officially approved the new NDRRM Fund Rules on March 14, 2017.



# KEY S N O S S E T

## THE NDRRM FUND RULES INTRODUCED THESE KEY CHANGES:



- Streamlines procedures and provide templates to fast-track access to the Fund
- Aligns the Fund's utilization with the proactive intent of the DRRM Act of 2010 (RA 10121)
- Empowers the local stakeholders, namely local governments and Regional Disaster Risk Reduction and Management Councils (DRRMCs), as front liners in DRRM
- Strengthens the Fund's transparency and accountability mechanisms
- Ensures responsiveness of its utilization by integrating consultation and monitoring and evaluation with local governments and Regional DRRMCs for Fund access and decision-making.





## 1. Focus and framing are critical.

While most stakeholders engaged in the technically and politically complex amendment process, CfC focused on a high-impact reform for local governments. Moreover, CfC's efforts on drafting the amendatory bill, the revised IRR, and the budget Special Provision all lead to one goal: build support for the revision of the NDRMM Fund Rules.

CfC highlighted the reform message and customized its presentations based on the audience. Consistent and real-time research aided changes in messaging. Continuous coalition-building facilitated access to multiple stakeholders in the executive and legislative departments and with local governments.

## 2. Flexibility and persistence are necessary to the reform strategy.

Fueled by grit and optimism, CfC learned fast from the setbacks and reframed the perspective as needed. For instance, while many viewed the change in administration as a dead end, CfC saw this as an opportunity for a fresh start, aligning the reform message with the priorities of the Duterte administration.

Similarly, many government officials and partners saw the 2017 NDRRM Fund budget reduction as an indication of its low priority. Yet, CfC argued that this setback would help the OCD and the NDRRM Council recognize the significance of the Fund Rules to justify a budget increase in the succeeding years.

## 3. Institutions matter and time is a vital resource.

CfC and its partners consulted critical NDRRM Council member-representatives and the local OCD champions in the OCD Regional Offices to immediately integrate their comments in the new Rules. CfC was careful not to impose the reform upon these prospective implementers, enhancing their ownership of the new Rules at every turn. CfC deferred to the bureaucracy and key officials from the Office of the President, DBM, NEDA, DSWD, DOST, and other agencies when engaging and participating in the discussions. In the end, their leadership and willingness to spend their political capital helped pass the new Fund Rules in record time.

CfC provided timely technical and administrative support to OCD and other Council members. Functioning as on-call technical staff, the CfC team pored over relevant policies, budgets, and publications; and drafted and refined the new Fund Rules, and its policy papers and briefs while waiting for opportunities to engage. Once the policy window opened, CfC was ready to help key officials steer the NDRRM Fund reform.

The National DRRM Fund Rules serves as Coalition for Change's contribution to disaster governance. The new Rules will allow local governments to maximize their potential and support them in their role as front liners in disaster risk reduction and management. The Rules strengthen the Philippines' commitment to the World Disaster Risk Reduction Framework (Sendai 2015-2030) and enable local governments and communities to access adequate resources to fortify their DRRM measures.



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