Public Expenditure Review on Disaster Spending in the Philippines: Lessons Learned

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Background

• World Bank Crisis and Disaster Risk Finance Team

• Engagement in the Philippines and rationale for the Public Expenditure Review (PER) (2019-2020):
  • Growing investment in disaster risk finance (DRF)
  • A focus on increasing the efficiency in the use of resources once mobilized is equally important
  • Understand better the bottlenecks, close evidence gap, inform further DRF planning

• PER objectives: assess efficiency, effectiveness and adequacy of spending in line with policy objectives
PERs of Disaster Spending: Specifics

- Pre-disaster vs post-disaster spending, DRF and recognizing disaster spending
- Complexity: Multiple public agencies at national and local government, funding flow (DRF expertise helps understanding available sources of funds and their interrelations)
- Achievement of policy objectives (objectives of post-disaster response and reconstruction are not always explicitly and coherently described)
Methodology and Lessons Learned

**Identification:**
- Perceived need of the PER
- Defining scope (DRM phases, national vs local, selected agencies and case studies, timeframe) (defined with the government)

**Preparation:**
- Legal, policy and operational frameworks
- Funding flow and prescribed timeline
- Access to data and additional sources of data

**Implementation:**
- Quantification
- Consultations
- Defining actionable recommendations

**Lessons learned:**
- Challenges:
  - actual spending, utilization (vs allocations)
  - budget reallocations are at the output level (chart of accounts and consultations)
  - lack of comparative data
- Data volumes – prioritization based on the objectives
- Selected local governments, might be useful to focus on ministries with higher disaster spending
- Type of budgeting (cash-based budgeting and underutilization)
The Philippines Public Expenditure Review: Recommendations

Improving adequacy and timeliness of funding
Annual risk financing plans, strengthening national reserve fund and agencies’ contingency funds, reforming local reserve funds

Addressing challenges in post-disaster financing processes
Regular vs contingency budgets, market-based instruments, strengthening emergency procurement frameworks

Enhancing the control over expenditures
Monitoring spending and strengthening audit reports (particularly for local governments), reforming reporting on budget reallocations, disaster assessment and recording
Remaining challenges and opportunities:

• Further improve the methodology (developing shared standards?) for closing the evidence gap on disaster spending
• Cross-country comparisons and benchmarking
• Efficiencies and effectiveness
• Further application to COVID-19 spending
Thank you for your time
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