

*Session 4*

*Status of Climate Finance in the  
Philippines*

Workshop on Corruption Risks and Anti-  
Corruption Strategies in Climate Finance

Manila, Philippines

25 to 27 May 2015

# Summary of Day 1

# Session objective and outline

**Objective:** Understand the status of climate finance in the Philippines

**Outline:**

- Group work exercise
- Government institutional landscape – agencies & policies
- Finance administration and distribution – key actors
- Finance types, levels, sources (multi-lateral, bilateral, nat'l)
- Finance uses



# What do you know?

- Use your existing individual and group knowledge to map the climate finance architecture in the Philippines: key actors, institutions, funding flows and/or projects
- Same pairs/groups for 3 days to build a multi-layered map showing:
  - Collective knowledge about climate finance architecture
  - Corruption risks in climate finance
  - Existing anti-corruption measures and best practices
  - Remaining gaps and challenges to chart the way forward

# Climate change and the Philippines

- One of the most vulnerable countries to extreme weather: typhoons, sea-level rise, floods, heat extremes
- Greenhouse gas emissions are rising rapidly
  - Urbanization, population growth, and economic growth
- Fisheries, water resources, agriculture expected to suffer
  - Fish species extinction and population decline; coral bleaching
  - Weather damage to agriculture, poor rainfall
  - Droughts, floods affects use and allocation of water
  - Negative economic impacts – jobs, livelihoods, infrastructure damage. The poorest are hardest hit

# Key government agencies on climate

- Climate Change Commission
  - Policy-making body tasked to coordinate, monitor and evaluate government programs and ensure mainstreaming of climate change in national, local and sectoral development plans
- Climate Change Office at DENR
  - Coordinates climate change efforts within DENR and with other government agencies, LGUs, NGOs
- Departments of Budget & Management, Finance, Public Works & Highways, Agriculture, Education
- Cabinet Cluster on CC Adaptation and Mitigation (2011)
- Local government units (LGU) – formulate local climate change action plans and disaster risk reduction plans

# The Philippines' comprehensive climate change agenda: key national policies

- 2008: Renewable Energy Act
- 2009: Climate Change Act
- 2009: Philippine Strategy on Climate Change Adaption
- 2010: National Framework Strategy on Climate Change
- 2011: Philippines National REDD+ Strategy
- 2011: National Climate Change Action Plan
  - Focus on adaptation rather than mitigation
- 2012: People's Survival Fund

# Multilateral climate funding

- As of 2015, USD 238 million approved for the Philippines from:
  - Clean Technology Fund
  - Global Environmental Facility
  - Special Climate Change Fund
  - UN REDD
  - MDG Achievement Fund

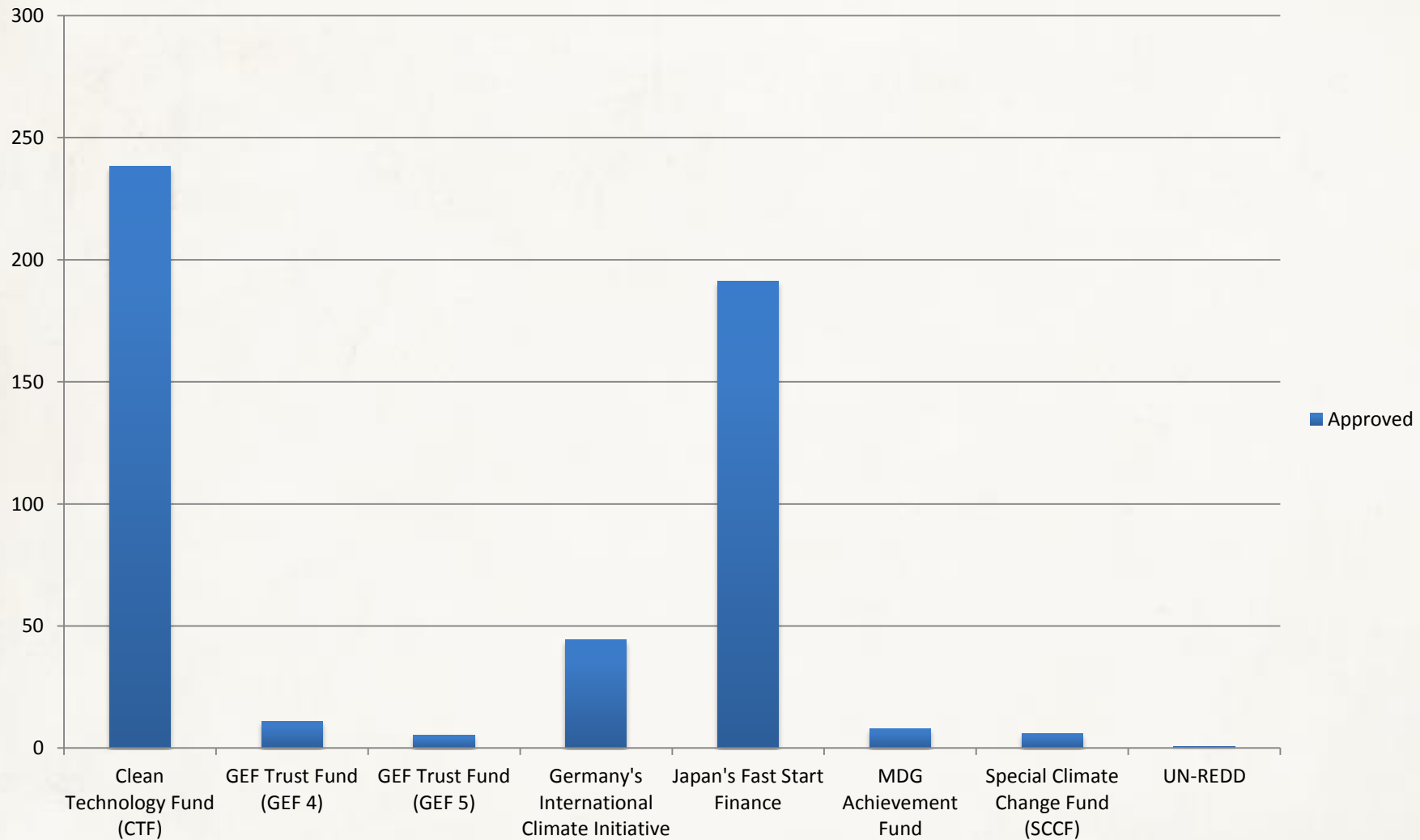


# Development partner support

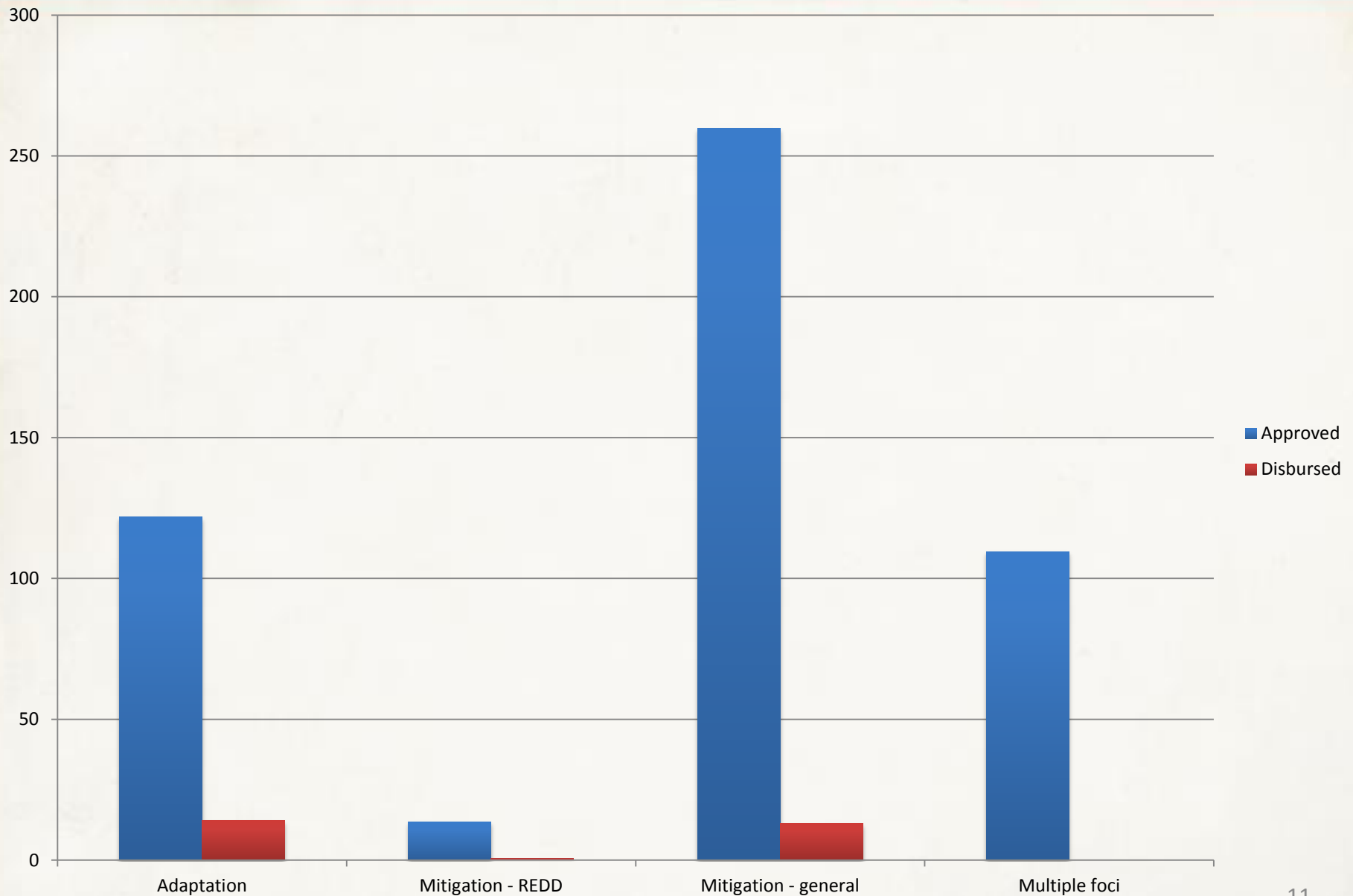
- Partner support has been increasing since early 2000s
  - Focus on mitigation and disaster relief in infrastructure, energy, and environmental sectors – majority to DPWH
- Germany’s International Climate Initiative: 41 million euros
  - Germany also contributed to Green Climate Fund
- Japan: provided significant funding for Fast Start Finance
- USAID: “Enhancing Capacities for Low Emission Development Strategies”
- UNDP, Germany, & Australia : “Low Emission Capacity Building Programme”

# Bi- & Multilateral climate finance: the Philippines

## Approved



# Climate finance uses in the Philippines



# National funding for CC activities

- [WB Climate Public Expenditure and Institutional Review](#)
- Domestic revenues fund majority (82%) of climate expenditures in the Philippines
  - Funding to Departments through General Appropriations Act, Special Purpose Funds, Special Accounts in General Funds
  - LGUs receive 70 – 90% of their funds from national government
- Climate budget appropriations increased 2.5 times between 2008 and 2012
  - 2012: 2% of national budget for climate change spending
  - 2008 – 2013: most funding (75%) to adaptation since 2008, but mitigation funding rising rapidly

# People's Survival Fund (2012)

- Special government-administered national climate fund designed to support local efforts on adaptation to climate change
- One-billion peso annual fund, replenished each year
- Funded from General Appropriations Act (GAA), can be augmented by donations
- LGUs and communities submit proposals to PSF Board
  - Funded activities are based on National Framework Strategy on Climate Change



# Corruption Risks in Finance Flows

- What are key areas of risk for corruption in the different financial flows (government & donor)?
- WB report: Special purpose funds and special accounts lack accountability for usage and absorption of funds
  - Not subject to systematic monitoring, control, and evaluation
- Development partners have different reporting formats, or inadequate reporting requirements
- NFSCC requires LGUs to spend 5% of income for their LDRRMF and also requires monthly reporting on this
  - But physical verification & tracking of use of funds challenging, and trust fund at LGU level is off-budget expenditure

# Transparency in government spending

- WB report budgetary recommendations:
  - Clear criteria for what constitutes climate expenditures
  - Increased budget transparency for climate activities – separate reporting of climate-related expenditures
  - Monitoring and public reporting of financing mobilized to support the National Climate Change Action Plan
  - Monitor budget execution of climate expenditures in Dept.'s
- “Transparency in the mobilization and use of climate resources is essential for increasing the efficiency of resource utilization and for attracting additional new resources.” (p. 80 of WB report)

# Government budget tagging

- In 2013, government agencies were tasked with tagging proposed climate change funding in 2015 budget submissions at national and local government levels
  - Done in response to 2013 World Bank Climate Public Expenditure and Institutional Review
  - Over 5% of total national budget tagged as climate change expenditures (136 billion pesos) – most tagged for adaptation
  - Tags designed to facilitate monitoring and identification → enhance transparency, accountability, and prioritization in government spending related to climate change
  - 42 LGUs piloting tagging in 2015 investment plans





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