

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

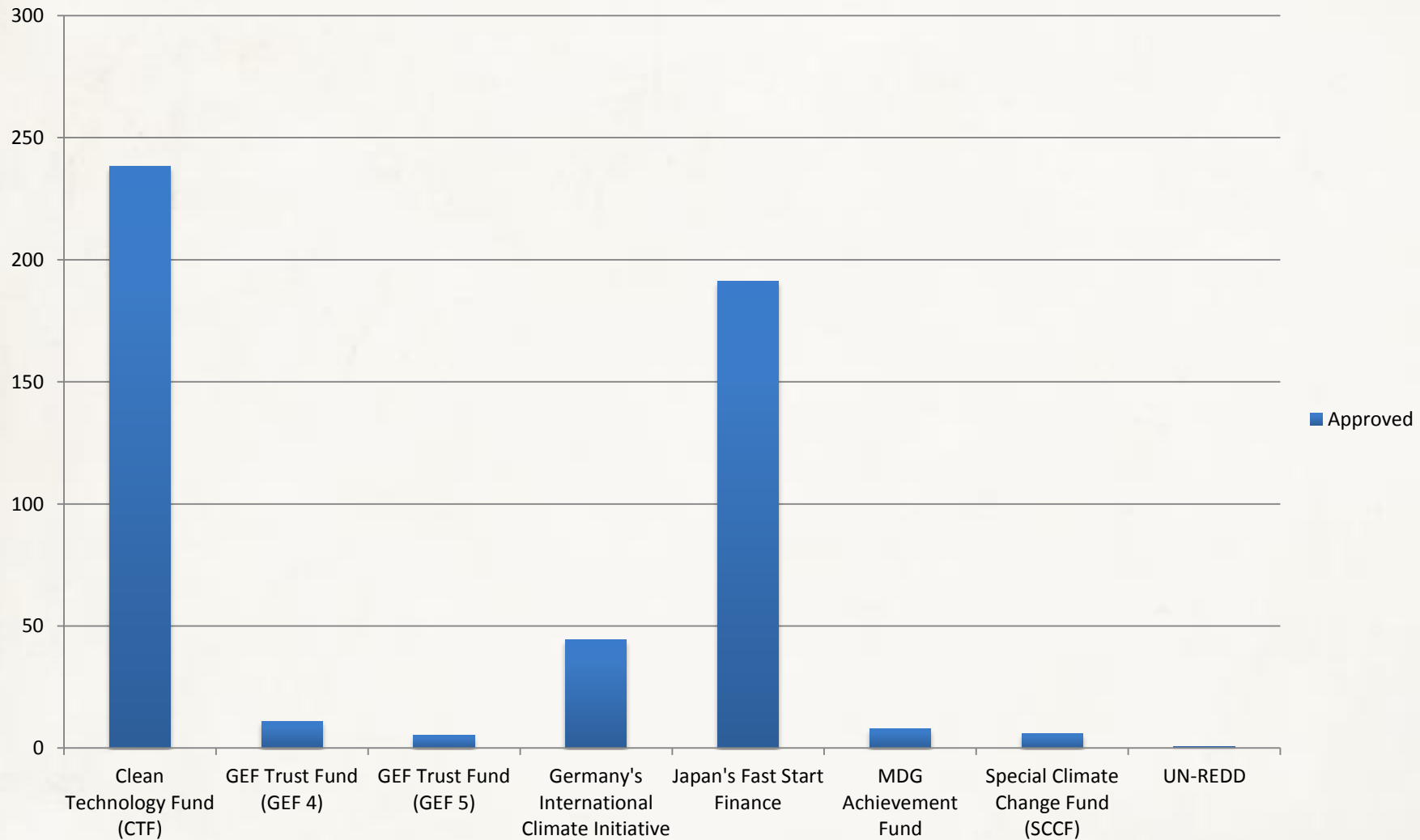
- As of 2015, USD 238 million approved for the Philippines from:
 - Clean Technology Fund
 - Global Environmental Facility
 - Special Climate Change Fund
 - UN REDD
 - MDG Achievement Fund

Development partner support

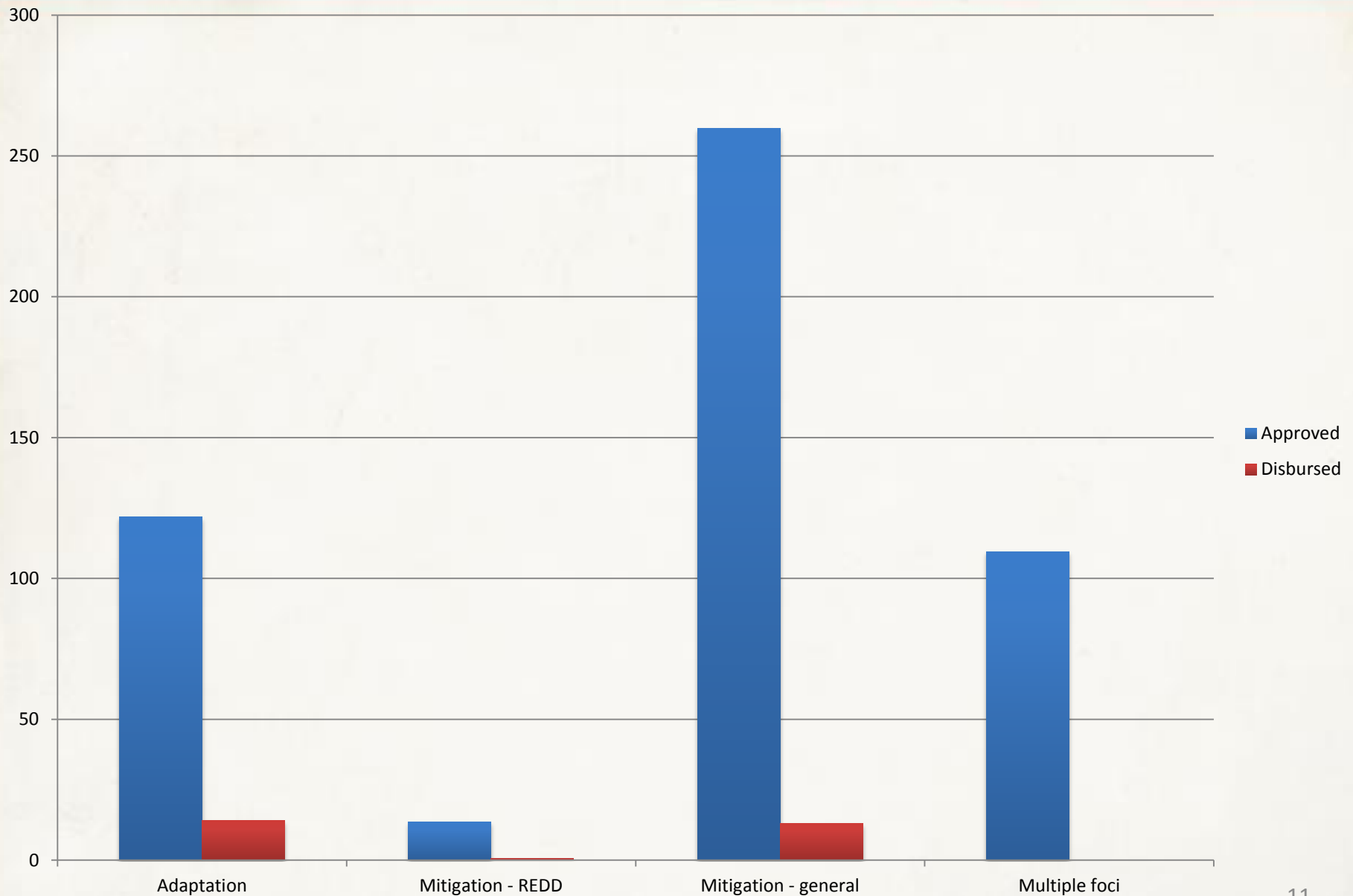
- Partner support has been increasing since early 2000s
 - Focus on mitigation and disaster relief in infrastructure, energy, and environmental sectors – majority to DPWH
- Germany's International Climate Initiative: 41 million euros
 - Germany also contributed to Green Climate Fund
- Japan: provided 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



Anti-
Corruption
Resource
Centre
www.U4.no

CMI CHR.
MICHELSEN
INSTITUTE