

CLIMATE FINANCE

IN THE CONTEXT OF THE PHILIPPINES

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February 10, 2021



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Climate change in the Philippines

On a long term average basis, the Philippines is expected to **incur PHP 177 billion (USD 3.6 billion) per year in losses** to public and private assets due to typhoons and earthquakes. In the next 50 years, the country has a 40% chance of experiencing a **loss exceeding PHP 989 billion**, and a 20% chance of experiencing a **loss exceeding PHP 1,525 billion**.



Successive typhoons have affected our inflation rates

In January 2021, the general price level clocked a higher rate of year-on-year growth of **4.2%**.



Vegetables (21.2%)



Rice (0.10%)

Climate Finance in the Philippines



Focus is more on **climate change adaptation** but mitigation is also considered



Balance between the implementation of **sustainable climate change actions** and the **pursuit of the country's economic growth and development potential**.



Developed countries must fulfill their obligations on climate finance to deliver **climate justice for developing countries and future generations**.

Climate Finance in the Philippines

Green Finance Needs MOBILIZING RESOURCES

The **green finance structure in the Philippines** focuses on:



Financial instruments that are designed to mitigate the economic impacts of climate change while increasing revenue generation, taking into account environmental risks and impacts



Green facilities and solutions to finance programs and projects on environment and natural resources (ENR) management

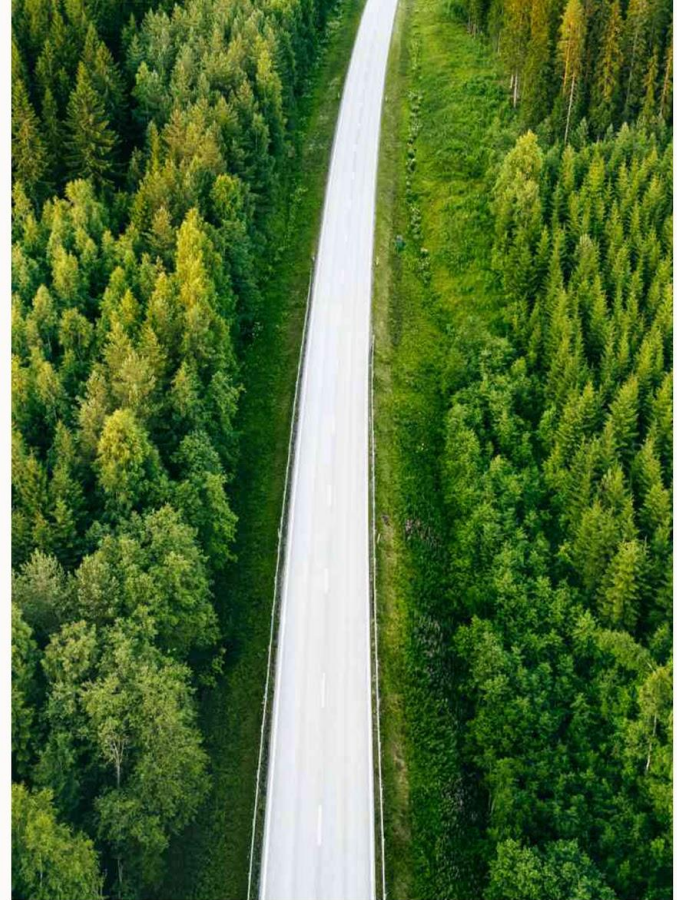
International Climate Funds and Finance Initiatives

- Green Climate Fund (GCF)
- Global Environment Facility (GEF)
- The Coalition of Finance Ministers for Climate Action
- The UK Cross-government Prosperity Fund
 - ASEAN Economic Reform Program (AERP)
 - ASEAN Low Carbon Energy Program (ALCEP)
- Partnership for Market Readiness (PMR)
- Accelerating Climate Investments in the Philippines (ACIP) through the Risk Resiliency Program (RRP)
- Vulnerable Twenty Group of Ministers of Finance (V20)



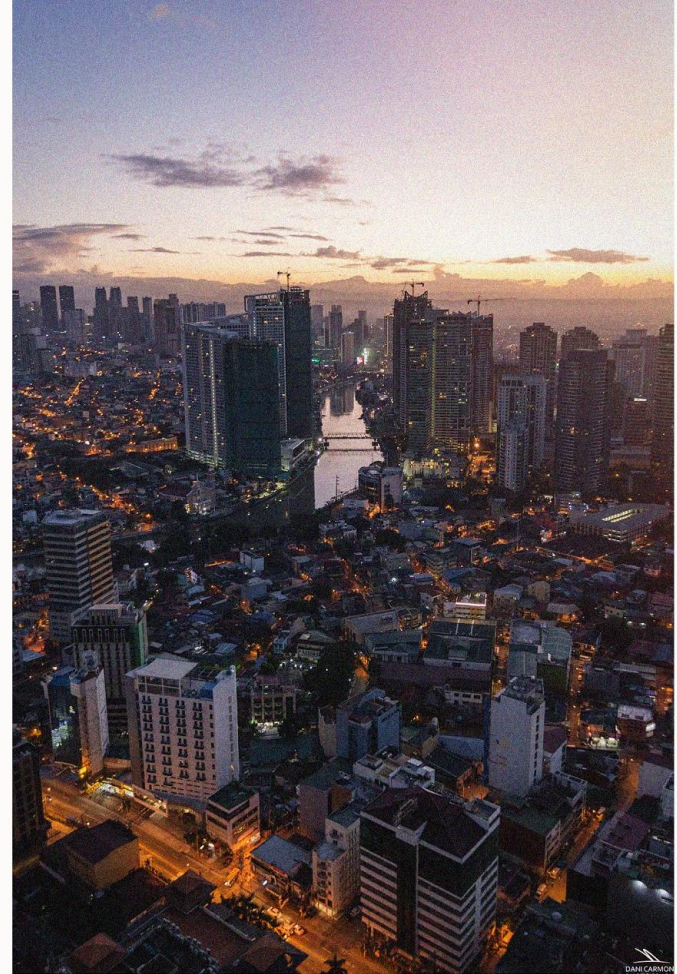
Philippine Sustainable Finance Roadmap

- Green Force or the **Sustainable Finance Inter-Agency Council**
 - Intergovernmental body, the DOF and BSP are currently developing in partnership with the UK Government.
 - Focus on supporting and accelerating the development of a green and sustainable economy.
 - Aims to develop a **Sustainable Finance Development Roadmap**
 - Assess the need to enhance the **Public Investment Program Online (PIPOL) System** and the **Climate Change Expenditure Tagging (CCET)**
- One of the prospective strategic plans is on Mainstreaming sustainable finance, which includes **tracking Sustainable Finance flows**.



Philippine Sustainable Finance Roadmap

- Despite the current lack of international sustainable finance flow tracking, the Philippine Government has already established mechanisms to track climate-related public expenditures
 - The Climate Change Expenditure Tagging (CCET)
 - Monitoring of Climate Change General Appropriations Act (GAA) Special Provisions
- **National Budget Preparation Process**
 - Tag climate change expenditures using a common policy-based typology and guidelines.



Existing Climate Finance Tracking Initiatives



- Ongoing implementation of the **National Integrated Climate Change Database and Information Exchange System (NICCDIES)**
 - Primary enabling platform of the CCC in consolidating and monitoring data and information on climate change and climate action
 - The primary components of NICCDIES include:
 - Greenhouse gas (GHG) inventory, Measurement, Reporting, and Verification (MRV)
 - System for climate change mitigation,
 - National and local climate change action plans,
 - Climate finance, including **Climate Change Expenditure Tagging (CCET)** and
 - Climate reports

Existing Climate Finance Tracking Initiatives

• **Public Investment Program Online (PIPOL) System**

- Online database system accessible to:
 - Authorized Public Investment Program (PIP)
 - Focals of the National Government Agencies (NGAs)
 - Government-Owned and Controlled Corporations (GOCCs)
 - Government Financial Institutions (GFIs)
 - Other National Government Offices and Instrumentalities
 - State Universities and Colleges (SUCs)
 - NEDA Secretariat
- Manages data entry and updates on priority programs and projects (PAPs) under the Public Investment Program (PIP)
- Allows online submission by agencies to information regarding their priority PAPs, including program/project details and status update and assist NEDA in generating reports



Existing Climate Finance Tracking Initiatives



- **Climate Change Expenditure Tagging (CCET)**

- Issued as a Joint Memorandum Circular (JMC) 2013-01 by the CCC and the Department of Budget and Management (DBM)
- Mandating government agencies to track their climate change expenditures in their respective 2015 budget submissions using a common framework more popularly known as the CCET.
- Helps identify financing gaps on different sectors and further facilitate the mobilization of existing climate financing schemes.
- International representatives shared the Philippines' best practises on CCET implementation, which is among the pioneering climate budget tagging initiatives in the world.



Existing Climate Finance Tracking Initiatives



- **Monitoring of Climate Change General Appropriations Act (GAA) Special Provisions**
 - Pursuant to RA 9729, as amended, and the RA 11260 (General Appropriations Act), CCC was mandated to coordinate, monitor and evaluate climate change adaptation and mitigation in the programs, and action plans of the government, especially the Climate Change-related GAA FY2019 Provisions.
 - The CCC consolidates and vets annual accomplishment reports from the relevant National Government Agencies.
 - A monitoring process in which the CCC observes the implementation climate change-related projects, activities, and programmes lodged under the special provisions.

THE WAY FORWARD

- Climate budgeting is an important additional foundation of the climate change response of the Philippines and is recognized in the **Philippines' (intended) Nationally Determined Contribution** as a means to enhance climate resilience and promote mitigation efforts.

What must we prioritize?

- Enhancing convergence across sectors and between the national and local government levels of financing
- Investing through the budget at scale, and more effectively, in climate resilience and adaptation measures





THE WAY FORWARD

- The **Green Force** will assess the need to enhance the **PIPOL System** and the **CCET**.
- Aside from working with the UK Government on the Green Force, the DOF will continue its active participation in the **Coalition of Finance Ministers for Climate Action**.
 - Functions under the Helsinki Principles
 - DOF is a **regional champion for Helsinki Principle 4**: Take climate change into account in macroeconomic policy, fiscal planning, budgeting, public investment management, and procurement practices.



Let's be partners for change!



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