



EL NIÑO & CLIMATE FINANCING IN THE PHILIPPINES

Proceedings of the Forum

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EL NIÑO AND CLIMATE FINANCE IN THE PHILIPPINES

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Assembly Hall, UP NCPAG

8:30 AM – 1 PM

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- I. The El Niño and Climate Finance in the Philippines is a forum organized by the PA 208 Graduate Class of Prof. Dan A. Saguil in the University of the Philippines' National College of Public Administration and Governance (NCPAG). The forum was held last November 27, 2015 at the NCPAG Assembly Hall in the University of the Philippines, Diliman, Quezon City and was attended by students, as well as members of the academe, NGOs and government agencies. The forum was made possible through collaboration with the UP Center for Local and Regional Governance (UP-CLRG), UP Center for Policy and Executive Development (UP-CPED), International Council for Local Environmental Initiatives (ICLEI) and the NCPAG Student Council.
- II. The forum aimed to provide a venue for discussing the national climate finance policy, the mechanics of accessing climate funds by climate-vulnerable LGUs and the policy barriers to such national funds. The general objective of the forum is to determine whether there is climate finance readiness on the part of government. The specific questions that it sought to address were the following: *Is there a coherent and comprehensive national climate finance policy?; Can El Niño-vulnerable LGUs directly access climate and DRR funds to finance local adaptation measures to ensure El Niño-resilient communities?; Do policy gaps and barriers to implementation exist? If so, how should these be resolved to enable direct access?*
- III. Program proper
 1. Opening Preliminaries, Introduction of Participants Overview of the Policy Forum
 - 1.1 The program was formally opened by the forum convener, Mr. Dennis G. dela Torre, an NCPAG graduate student and Research Fellow for Climate Change Adaptation and Disaster Risk Reduction Policy Development at NCPAG's Center for Local and Regional Governance. He gave a brief overview of the forum and the line-up of speakers. He welcome everyone present in the Assembly Hall and acknowledged the presence of the distinguished persons and resource speakers from different government agencies, NGOs and the academe. He also said that the forum is sponsored by the PA 208 class of Prof. Dan A. Saguil, which he is a member, together with UP-CLRG, UP-CPED, ICLEI and the NCPAG Student Council.
 - 1.2 *Welcome Remarks – Dr. Erwin Alampay, Director, UP Center for Local and Regional Governance.* Dr. Alampay welcomed everyone and acknowledge the presence of the distinguished guests and resource speakers. He said that the forum emanated from a long discussion of students who have many questions on climate finance policy that ended with a resolution to conduct a forum about it. He emphasized that Climate Change is now upon us and the question in public administration and in government is *how are we prepared for it?* Climate finance is part of the government's initiative to be more resilient in the future.
 - 1.3 *Message - Prof. Dan A. Saguil, UP NCPAG*

Prof. Saguil said that the forum was conceived by Mr. dela Torre after he reported on Climate Change Policy in his PA 208 class. During the said report, students in class

participated actively in the discussion, and expressed their concerns and frustrations about the issue. Climate Change is not only a scientific issue but a political and an economic one as well, he said. It is sure to cause more death and suffering in the future. He noted that the cost of Climate Change is huge – are we ready to pay? He also posed the following questions: is there a comprehensive Climate Change fund? Can Local Government Units access the funds? Do policy gaps exist? How can it be solved? He said that those were the questions that will be answered in the forum.

1.4 *Keynote Address – Sec. Nereus Acosta, Presidential Adviser on Environmental Protection.* Secretary Acosta said that the forum was timely because of the upcoming climate negotiations scheduled in Paris in the coming days. The forum was a good opportunity to set the context for knowing what the leaders will try to agree on. He said that as the presidential adviser on environmental protection and the manager of the Laguna Lake Development Authority, he is involved with the gargantuan task of saving land, water, ecosystems, etc. – everything. He noted that the ecology is very much like the internet because “everything is interconnected”. The main points of his talk are the following:

- 1.4.1 Climate financing is only a part of the larger climate change issue where 5 should be considered: Complexity, Commons, Community, Concentration of Risk and Capacities.
- 1.4.2 The UN Conference in Copenhagen was a dismal failure because nothing was agreed upon and it showed that all countries of the world find it difficult to congregate beyond national/state interest. States are never neutral. States exist to assert their interest and to bring them together in such a complexity of issues touching every sector, not just economy or finance but political and social as well, is very difficult. Heads of states are going to have a legally binding agreement and try if the Kyoto protocol can still work. He described it as a half full and half empty situation.
- 1.4.3 El Niño is predicted to be worse. The Philippines will go to Paris to take part in the creation of a climate framework agreement. He further added that there is such a thing as a commons- a global or a planetary commons that calls for each country to set a real trajectory that would paint a clearer picture on how to deal with Climate Change.
- 1.4.4 The goal of the climate framework is create policies that will prevent the increase in temperature so as not to reach the threshold, or stop the threshold at 2 degrees. At the current rate, even if the COP 21 will elicit 70% full commitment of Greenhouse Gas (GHG) reduction, the temperature will still rise by 2.7 degrees by 2100. The planet will be so hot that polar caps will melt and the strains of viruses will bring new kinds of diseases.
- 1.4.5 The Paris talks is ultimately about the principle of subsidiarity. Typhoons affect communities. In the end, we should not lose the forest for the trees. Sometimes, we get too enamored with the policy issues. El Niño is only one side of the coin, the other one is La Niña which would cause stronger typhoons. The Philippines is one of the most vulnerable countries.
- 1.4.6 Impacts of El Niño and La Niña would be tremendously felt due to two factors- concentrated risks and exponential vulnerability. Metro Manila is named as the most densely populated countries in the planet having 66,000 people per square km. Concentrated risks and exponential vulnerability with population density would cause a major disaster when a typhoon as strong as Yolanda would hit Metro Manila and CALABARZON. Climate Change cannot be taken as a stand-alone issue because it is

also related to issues such as traffic, pollution, the lack of green spaces in urban areas and communities. Climate Change mitigation is expensive.

- 1.4.7 The Philippines has a National Climate Change Action Plan (NCCAP), an 18-year plan which should be implemented beyond politics. The cost of climate change goes beyond the monetary sort. In the General Appropriations Act (GAA), Finance Secretary Abad coined the term “green streaming” for tagging Climate Change items in the in the national budget so that priorities may be identified. Through this, at-risk provinces will be identified and there will be emphasis to focus on financing the most vulnerable areas/sectors such as the “food baskets” of the country which will suffer due to Climate Change.
- 1.4.8 There is a great need for valuation of the environment. One of LLDA’s projects is the Wealth Accounting Valuation of the Ecosystem (WAVES). Laguna Lake cannot provide water as much as it used to and it has a cost in the ecosystem. It is not enough to understanding climate adaptation but the ecosystem in general and its biocapacity. The Sierra Madre is an example of how environmental degradation caused major setbacks for the species and the ecosystem in general. In one of LLDA’s study, 30 new Laguna Lakes are needed for all the industries within its scope of concern. Climate financing cannot be taken out from the larger picture of costs.
- 1.4.9 In Paris, discourse on climate justice would also come in. Who will pay for the damages caused by Climate Change, especially in vulnerable countries? There should be a coherent policy from the COP 21 all the way down to the national government and local government- are we ready? Do we even know what to finance?
- 1.4.10 Climate financing have different issues and modalities. Such modalities are like cellular companies with varying levels of technology. Humans, as end-users, should have a more advance level of comprehension that would capture the necessary actions in order to address the issues at hand – *capturing the waves*. UN has various funds but how do Yolanda victims access them? That’s where institutions come in. The government is still trying to get their act together. In the end, one word remains: resiliency. People cannot mitigate that much. Intended Nationally Determined Contribution (INDCs) in Paris is about mitigation and mitigation is about funding needs. Basic human needs should be addressed first. Climate policy is about solidarity and *capturing the waves* across different sectors. Resiliency is the new “freedom”. In the end, it is still about the capacity to hope for a greener world.

2. Presentations

2.1 National Food Authority: Adm. Renan Dalisay, National Administrator

NFA Administrator Dalisay expressed that he’s glad to be back in his *alma mater*. He recalled that the last time he was invited to be part of a UP forum was in the College of Mass Communications and it was raining very hard. During his speech, his cellphone kept on beeping. Then, he checked his messages to find out from his wife that flood was starting to rise in front of their house. He encountered heavy traffic on his way home until he reached their subdivision in Quezon City which was submerged in flood that they had to tie a rope on a tree for him to enter their house and be with his family. Having such experience, he said, “Climate Change is very real to me”. He also recounted the instance when Typhoon Yolanda destroyed the NFA warehouse in Tacloban. Ever since, they decided to mainstream Climate Change programs in the NFA. Recently, they built a climate resilient warehouse in Ormoc that can withstand typhoons. The highlights of his presentation are the following:

- 2.1.1 The last occurrence of El Niño was in 1999-2001. According to PAGASA, strong El Niño is present and is speculated to last until May 2015. In 1998, the lump of rice produce is 25%. 75% of the country will experience drought and dry spell. Intensity of El Niño should not be ignored because it will have effects in the agriculture sector and the economy.
- 2.1.2 El Niño threatens food security for the following reasons: declined farm income, supply disruption, uncontrolled rise of food commodity which leads to inflation. Institutional policy should prevent shocks from occurring. Government should importation of food supply should be planned if necessary.
- 2.1.3 The Philippines is susceptible to El Niño effects being the #9 most climate vulnerable country in the world where 50% of provinces is vulnerable. 76.6 M Filipinos are prone to Climate Change.
- 2.1.4 Rice as a vital agricultural crop contributes to 92% to the food basket. Rice production is dependent on the severity of drought caused by El Niño. Rice exporting countries will be affected as well as rice importing countries. Crop production and the global rice production in general will also be affected by this phenomenon. Buffer stock will be needed to sustain the supply. Rice output is expected to decrease because of tight supply. The bulk of the supply comes from the warehouses and NFA must have sufficient buffer stock.
- 2.1.5 There are slight production gains despite El Niño. Currently, the average price of rice in the market is PhP 41/kilo. Despite the impacts of Typhoon Lando and prevalence of El Niño, the price is stabilized because of the buffer stock. The arrival of imports in January is expected to bring stability to the price of rice.
- 2.1.6 The NFA shall be vigilant towards rice prices by reconciling projected figures and figures on the ground. It will also watch out for the welfare of the farmers. NFA buys the rice produced by the farmers but if the price is high in the market, it does not compete with the other buyers
- 2.1.7 When Typhoon Lando struck, NFA requested Malacañang and the Department of Budget Management (DBM) for funds to restore damaged *palay*. While as much as there are funds, there are hurdles in accessing it that causes a delay in government response. When it comes to El Niño and Climate finance, the NFA is one of the agencies that implements related projects on the ground, because at the end of the day it is all about saving lives through food security. The country must prepare to combat El Niño.
- 2.1.8 Administrator Dalisay shared his experience in Palo, Leyte schools when they conducted a feeding program. Many of the children in the schools have lost their parents, brothers & sisters but they were still smiling. As a people, Filipinos are very resilient but it is the government's task to make the country more resilient when it comes to El Niño. What happened in Leyte may happen again if we do not act now. The challenge for the NFA aside from ensuring the food supply is also ensuring the resiliency of the warehouses. He ended by saying that the enemy is not Climate Change, but ourselves- we need to triumph against barriers within ourselves that disables us from realizing that the solution lies in our hands.

2.2 *Social Watch Philippines/Alternative Budget Initiative: Mr. Isagani Serrano, ABI Co-convenor and President, Philippine Rural Reconstruction Movement.*

Mr. Serrano's presentation was first shown in NEDA to explain the concept of development finance in the context of the Third International Conference on Financing for Development (UNFFD3). The following were the highlights of his presentation:

- 2.2.1 In public finance, Public-Private-Partnerships (PPP) play an important role. When talking about climate financing, and other environmental issues such as land degradation financing, the money will come mostly from the private sector. What does it tell us? Government is unable to finance.
 - 2.2.2 On financing Climate Change Adaptation and Mitigation, the Addis Ababa Action Agenda (AAAA) is a regression from the 1992 Rio Summit agreements. Chapter 33 of agenda 21 includes the concept of “peace dividends” indicating that whatever amount appropriated for military activities will be put into climate change adaptation and mitigation. Peace dividends were being discussed as early as 1972 in the UN Stockholm conference. The money is not available because it goes to war. There is more than enough to finance the shift to sustainability but its availability will depend on the reduction of defense spending. All the nations in the world are increasing their defense spending. UK Prime Minister Cameron called for re-armament of UK. Money used in the acquisition of war equipment should have been used elsewhere.
 - 2.2.3 Controlling illicit tax flow will provide money sustainability. There is a need to tax the rich, especially in the Philippines – the 16 Billionaires. Taxes should be utilized for climate financing and not loans from international financing institutions such as the World Bank and Asian Development Bank that are concerned only with “Debt sustainability” – sustaining debts in the developing nations. Tax collection cannot match the level of budgeting needed to address the gap on basic needs. Financing the gap through debt results in the blurring of the lines between priorities in the GAA. Basic needs such as healthcare, education, water and sanitation should be ensured first before paying the national debt. The government should address the needs of the marginalized sector first using the taxes collected, even if there is a budget deficit.
 - 2.2.4 Foreign Direct Investments (FDI) are deemed to improve the economy but it is a problematic concept. Policy makers want to increase FDIs in the country but it is lenient on economic outflows.
 - 2.2.5 Instead of foreign aid, OFW remittance should be used as development fund. Use taxes (not WB or ADB loans) to end extreme poverty now, not later, and certainly not by 2030.
 - 2.2.6 The source of leakage in public finance is debt servicing and legislators should look into that. There should be no borrowing for education and water. There should be no borrowing without public consultation. Policies should be geared towards creating an agri-based green economy.
 - 2.2.7 The total wealth of the country is concentrated in three (3) regions. There is a need to decentralize wealth which should be reflected in the national budget. In the end, let the Filipinos rely on themselves. *Wag natin iasa sa iba ang ating kaligtasan. Tayo ang bubuhay sa sarili nating bangko.* (Let us not rely on others to save us. Let us learn to carry our own burdens.)
- 2.3 *Agence Française de Développement: Mr. Gerard Espero III, Project Officer.*
- Mr. Espero gave an overview of Agence Française de Développement’s (AFD) work in the Philippines as a financing institution.
- 2.3.1 AFD provided aid as a response to Yolanda. The organization is supporting the study of Global Footprint Network on ecological footprint in the Philippines.
 - 2.3.2 Climate change financing is all about the LGUs. The capacity of LGUs for Climate Change Adaptation and Mitigation (CCA and M) is small and they have no real concrete grasp of the concepts.

- 2.3.3 It will be important for the Department of Interior and Local Government (DILG) to incorporate CCA and M in its policy and program thrusts. Climate Change and its negative consequences have crossed boundaries not only in the government but in all sectors of society.
- 2.3.4 The Department of Environment and Natural Resources (DENR) should be the lead agency in climate resiliency together with financing institutions. There are so many institutions doing the same thing on Climate Change, but not in LGUs. There is a need for synergy so that not only a few LGUs will have a CCA & M framework. Loans are not bad, but it should be put into more productive use. LGUs are in the forefront of implementing the Climate Change projects which do not have funds. For the next years, assistance from international financing institutions will be needed. Synchronizing and ensuring participation in the national and local level is most crucial.

2.4 *Government Financing Institution: Ms. Renee Evangeline M. Granadino, Program Officer, Landbank of the Philippines*

Ms. Granadino started by saying that development projects greatly help the country. Several countries are talking about concerns on financing. How do we act if we do not have funds? The following are the highlights of her presentation:

- 2.4.1 When it comes to accessing loans, Landbank will be able to help LGUs and private sectors through the Climate SMART Financing Program. All Climate Change related projects of Landbank are put under one program in alignment to the memo circular issued by the Bangko Sentral ang Pilipinas (BSP) and the Climate Change Commission (CCC) that mandates government agencies to report Climate Change programs.
- 2.4.2 SMART is an acronym for Synergistic-Mitigation-Adaptation-Resiliency-Transformation. Landbank provides strategic support for local infrastructure programs on CCA, as well as green buildings, program for water districts, special adaptation capacity for ecosystem and establishment of people's funds. Eligible borrowers are LGUs, cooperatives, NGOs, private corporations, etc. Eligible projects include integrated ecosystem based management; coastal marine systems, river basin management, etc. Landbank could finance construction of dams, as well as projects on climate responsive agriculture, drought monitoring systems, terracing, windbrakes, irrigation, technology and livelihood. It also offers funding for research, like Biotech in UPLB that is looking into drought resilient crops. Climate responsive health sector is also included in its priorities.
- 2.4.3 The private sector needs assistance because it has a great potential. The government should encourage them to achieve carbon neutrality to meet the country's emission target.

3 Reactions:

3.1 *Department of Social Welfare and Development: Ms. Maricel Deloria, Division Chief, Disaster Reduction and Management Bureau*

In response to the presentations, Ms. Deloria said that the poor are the most vulnerable when it comes to Climate. The DSWD Secretary sits as vice chairperson in the disaster response council. It is also a member of the Climate Change advisory board. Its pilot program is the 4 Ps which includes risk resistance measures for the marginalized members of society. DSWD uses community driven approach to increase the resiliency of the marginalized. The government should not be the only one that should work on such initiatives, but the civil

society as well. She emphasized that there is a need for policy on emergency procurement because government agencies are afraid to procure due to stringent measures imposed by the Commission on Audit (COA). The mechanisms for auditing in regular and emergency situations are the same and this has to be changed. There should also be media regulation during times of emergency because some poor families are prone to become exploited under such conditions.

3.2 *Philippine Rice Research Institute: Dr. Jasper Tallada, Climate Change Center Director.*

Dr. Tallada said that Philrice implements adaptation measures on the farm hold level. Philrice has also been developing new rice varieties. Before, its focus is on drought resistant crops, now the focus is on Climate Change technologies. The agency has its own research and development center for Climate Change that creates programs on coping with the new phenomenon. The El Niño Task Force was mandated to work on action agenda to combat the ill effects of El Niño. The use of the right varieties of rice is part of the agency's advocacy. It pushes for a massive planting of the RC 192 variety which is recommended for droughts. Philrice always participate on various fora as part of its information, education and communication (IEC) initiative. The agency also identified spokespersons on El Niño who are very knowledgeable on the issue. They also conduct educational campaigns for farmers to teach them strategies and alternative crops to plant during drought season. Most of these activities are funded by the GAA. One of gaps that need to be address is how to bridge the funds to the farmers. Credit should be coursed through cooperatives and there should be an institution that would provide technical assistance to the farmers when it comes to making proposals and plans.

3.3 *Department of Interior and Local Government: Ms. Jennifer Galorport, Division Chief for Local Development Planning*

Ms. Galorport said that that climate financing is very relevant to local governments. Loans are being extended from other countries and the DILG does not discriminate among institutions that provide such, as long as LGUs will benefit. For CCA adaptation and mitigation, DILG is not one-sided and its focus is not limited to disaster preparedness alone but also in disaster recovery and rehabilitation through projects that provide basic facilities and structure rehabilitation in LGUs. DRR and CCA are used interchangeably. It is better to mitigate Climate Change than prepare for disasters caused by it. DILG assists in the development of the Local Climate Change Adaptation Action Plan (LCCAAP) which is handled by the Local Government Academy (LGA). Even though DILG is not directly related to climate financing, at the end of the day, the proper implementation of the projects would determine that the funds have been put into good use. The agency's task is to ensure that correct data are embedded in local plans for the purpose of climate risk and vulnerability assessment. If the data are reliable, local governments will know their targets; if there are no data, local plans will have gaps. Plans are translated into projects that would downstream CCA into the provinces and municipalities.

3.4 *Southeast Asian Islamic Chamber of Commerce and Industry: Mr. Naser Sharief, Vice President.*

Mr. Sharief expressed that Mindanao is a region which is rich in natural resources but armed conflicts hinders its development. Environmentally degrading activities are prevalent in the region exemplified by widespread illegal logging. There are funds for the climate but it is difficult to access. LGUs do not have a strong grasp of CCA resulting to the lack of projects. People do not prioritize Climate Change and it is time for asking public officials to champion for the release of this fund. When it comes to Climate Change, borders across regions and countries should be disregarded because its effects will spill over across the planet.

3.5 ICLEI Local Governments for Sustainability, Catherine Diomampo, Climate Change Project Officer.

Ms. Diomampo gave an overview of ICLEI as an organization that supports local government initiatives to build resilience. Climate finance is a big word. Countries dedicate funding for CCA and M but there is a need to look at it contextually. When we look at CCA financing comes in the latter part. Let's first look into other important elements. What are we going to finance? If it is the answer is local adaptation initiatives, who among the LGU employees understand it? How is this important? What is the difference between DRR and CCA? There comes a mismatch when LGUs lack the capacity to manage climate financing because they do not fully understand the concept yet they are mandated to produce several plans. There are so many guidelines that LGUs must follow. LGA claims that 70% of the LGUs have already produced CCA plans but they admit to not being able to check the quality of the LCCAAPs. How would we know the quality of its content? Maybe the government should do more coordination to educate the local executives on Climate Change. There are so many ongoing initiatives and it would be best to look at them at a broader perspective and to aim at harmonizing these activities for efficient use of resources. One of the hurdles is climate information and the lack of capacity to conduct vulnerability assessment. Capacity building is very much needed for the LGUs so that they may be able to produce local climate projections.

4. Open forum

- 4.1 Ms. Airah Cadiongan (Oxfam): we worked with many NGOs in Visayas and Mindanao. We have LGUs that are willing to learn and ready to act. Many of them have a lot of ideas. Is it possible for the Green Climate Fund (GCF) to be accessed through the People's Survival Fund (PSF)? What are their differences? What other creative ways are there to access them?
- 4.2 Ms. Granadino (LB): The PSF is included in the national budget. There is a separate monitoring for PSF and GCF. Since the GCF will come from outside the country, the monitoring will be different. The mechanism for GCF will be similar to the Clean Development Mechanism (CDM).
- 4.3 Mr. Serrano: the PSF has a board... but most importantly, we have to look not only at the funding mechanisms but also at the contradictory effects of finance policies in general. For example, there is a policy that puts incentives on renewable energy but coal plants are not regulated. We should use a "whole budget approach" that would reflect the priority of the government when it comes to policy implementation. If the science is telling us that the situation is requiring a revolutionary way of doing things, we cannot do business as usual.
- 4.4 Mr. Dela Torre: The GCF will be ready in 2020. The LB is doing "climate readiness"- climate loans, etc. A permanent annual 100 B fund will be generated for Climate Change but the management of this fund is yet to be determined. In the meantime we don't know exactly what the rules are. The PSF act will become the steering body for all climate finance later on. The CCC must fully understand this. Hopefully, discussions such as this will be the start of treading that horizon.

5 Synthesis – Dr. Ebenezer Florano, Director, Center for Policy and Executive Development.

Prof. Florano posed the question: is the government ready? We have seen Haiyan, now we have El Niño. Unfortunately, the Philippines is one of the most vulnerable to Climate Change. We have the laws but there are gaps that need to be addressed such as the harmonization of the CC act at DRR Act. Under such laws we are mandated to have plans but it seems that DRR is more of the

priority and not Climate Change because it involves scientific concepts that may not be easily understood. Do we have the money? Yes, but CCA and M should not be limited to having sources of funds, it also include its equitable distribution. With regards to Climate Justice, we need to have a resolution on who should pay. Mr. Serrano was able to tell us his experiences on CC financing, public and private sources of fund, but there is a regression with regards to the issue on peace dividends – it all boils down to financing Sustainable Development. Despite of all these, the government is doing its best but we need to find a solution to the problem of access and implementation. We need to have more conversation on this issue and UP NCPAG is opening its door to further the discussion on climate financing.

- 6 Mr. dela Torre awarded certificates and tokens to the resources speakers and concluded the program.

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