

Putting Green Economy on the Agenda

Greening the Tourism Value Chain

Philippines













Outline of the Presentation

- Background on green economy in the Philippines
- Greening the Value Chain Approach
- New project on green economic development, ProGED













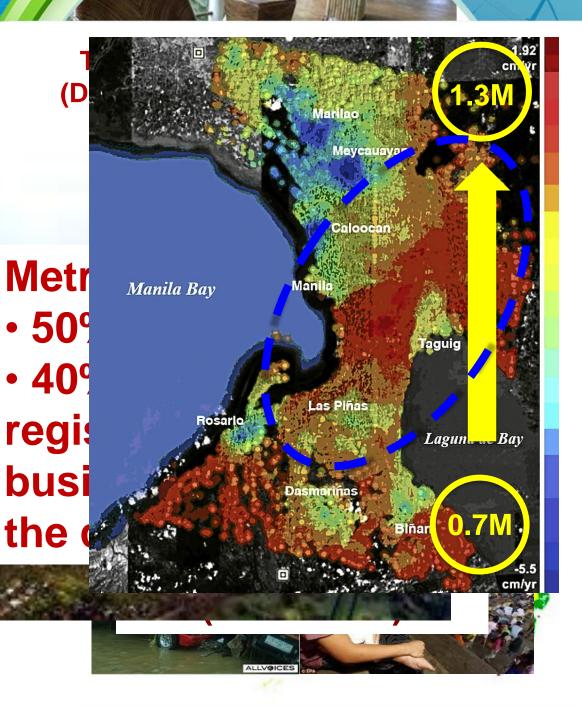
Typhoon Ondoy (September 2009): 350m EUR 464 Dead 37 Missing 529 Injured

Typhoon Pepeng (October 2009): 490m EUR 465 Dead 47 Missing 207 Injured Typhoon Pedring (September 2011) and Typhoon Quiel (October 2011):
10m EUR
80 Dead
500,000 Displaced

Typhoon Sendong (December 2011):
75M EUR
1,200 Dead
1,000,000 Displaced













The threat

- Philippines is the third most affected country by climate change in the world
- Environmental stress (such as pollution of water, air, soil; deforestation) erodes the very basis of economic development

The opportunity

 Green Economic Development is a driver for competitiveness, innovation, new markets, jobs → inclusive growth and poverty reduction













How It All Began

- The Philippine government recognizing the potential of SMEs for poverty reduction and job creation launched a National MSME Agenda (Magna Carta)
- The first comprehensive SME Development Plan (Blue Book) was formulated as a consolidated roadmap for SME support programs in 2004
- GIZ has partnered with the Department of Trade and Industry (DTI) to improve framework conditions for private sector development, particularly in the middle island group Visayas from 2004 to 2012
- Private Sector Promotion (SMEDSEP) focused its interventions on micro, small and medium enterprises (98 percent of registered businesses nationwide / more than 60 percent of the labor force); and applied as one major approach:

Value Chain Promotion





für Internationale







2004 to 2010 First comprehensive SME plan

- Plan developed very top down and consultant driven
- DTI asked PSP SMEDSEP to help when it was realized in 2006 that it did not move
- More focus and grounding at provincial level since 2007;
 DTI and GIZ in cooperation CIDA
- DTI commissioned external evaluation in 2009 with GIZ
- DTI requested PSP SMEDSEP to support in crafting the 2011 – 2016 MSMED Plan
- Very consultative processes with intensive dialogues in the regions / provinces















Green Economy in the Making

- 2010 DTI request: thorough investigation into aspects of Climate Change and Private Sector Development Philippines
- The results widely discussed and processed into info policy briefs and strategy papers
- DTI became more confident to emerge as an important player in the national climate change discourse













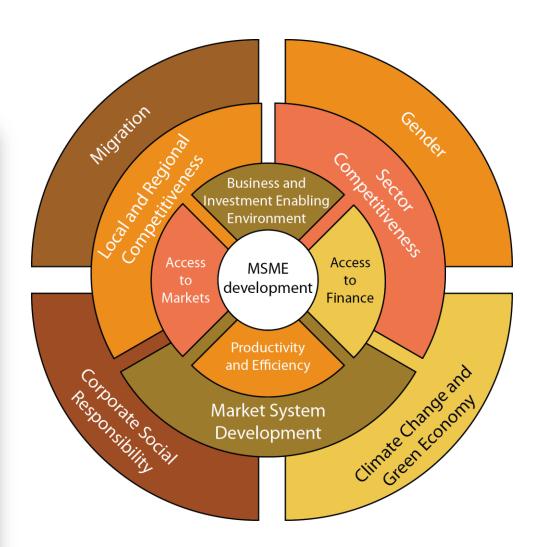




Micro, Small and Medium Enterprise

Development Plan

2011 - 2016











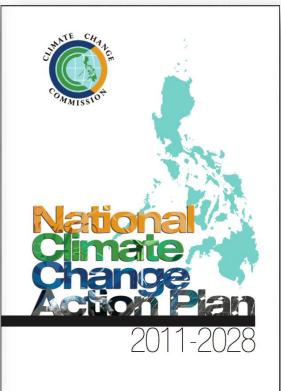




Green MSMED Strategy and National Agenda

- Finalization parallel with the Philippine Development Plan 2011 – 2016
- In August 2011, President Aquino also launched the National Climate Change Action Plan (NCCAP)

















Pillars of a Green Economy

Mitigation

Adaptation

Competitiveness

Green Jobs

Reduce green house gas (GHG) emissions Individuals and businesses adjust to severe weather conditions

Improve competitiveness through sustainable business strategies

Utilize growth opportunities, market potentials and new products and services









Nature's capital









Push-Pull-Enable Approach towards Green Economy

Enable



Enablers to go green

- Training and consulting
- Clean Tech Technology transfer
- Green, innovative financing
- Information, knowledge on CC
- match-making

Macro level

- Negative incentives (\$, non-\$)
- Tougher norms and standards
- Advocacy from Government / Departments

Meso level

- Pressure from NGO, media
- Sector approaches with lead companies calling for tougher standards

Micro level

- Own CSR policies
- Ambitious and environmentally conscious staff
- increasing energy prices
- Scarcity of resources



Macro level

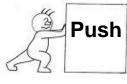
- Positive incentives (\$, non\$)
- Green procurement policies
- Reduced tariff on imported clean technology

Meso level

- Green supply chain initiatives by larger companies
- Sustainable consumption campaigns

Micro level

- CDM financing options for green investment
- Pilot projects in other companies showing the way
- Consumer awareness







- October 2011, Manila
- German Development
 Cooperation as important
 partner for the theme
- Link to Global Green Growth Institute (GGGI), Korea
- First speaking engagement of the new German Ambassador
- Green Energy,
 Green Finance,
 Green Products,
 Green Jobs
- Input to Philippines Rio plus 20

Symposium Greening the Philippine Economy









Green industries = "climate resilient industries"



- Low carbon development
- Strict environmental standards
- Promote green, sustainable and decent jobs



THE PHILIPPINES' RIO+20 REPORT

sustainable and decent Inputs for the Compilation Document

- Sustainable consumption and production
- Green innovations—cleaner production technologies and practices
- Improve MSME access to finance and "green" markets
- Enabling conditions investments, finance and technology transfer



Five Key Sectors of a Green Economy in the Philippines

- Agriculture and fisheries
- Environment and natural resources
- Infrastructure
- Green cities
- Green industries



Other Greening MSME initiatives

- Ecolabelling Programme of the Philippines ISO 14024
- Prototyping or modelling and training of clean technologies for business/SMEs (with Department of Science and Technology)
- Renewable Energy Program (with Department of Energy)
- Sustainable Consumption and Production (with UNEP and EU Switch)

















Other DTI Greening Initiatives

- Greening of Industry Road Maps of Board of Investments (IT, bamboo, rubber, coco coir, to name a few)
- Greening the Industry Clusters/Value Chains with JICA
- Green Procurement with EU Switch Asia
- Integrative Industry Cluster Development Project UNIDO
- Scaling Up of the Climate Change Adaptation Program in CARAGA supported by ILO













 DTI's Green Economy Advocacy (Roving Academy) Continued
Development of
One Town One
Product Green
Businesses (like
E-Bamboo, water
lily as raw
material)





Water Hyacinth development project





PSP SMEDSEP Initiatives in Value Chain Promotion













- Population: 1.25 m (2010)
- Ranked 5th among the top tourism destinations in the country (2010)
- Tourist Arrivals: 335,000 (3% of the total)











Greening the Tourism Value Chain in Bohol





Environmental Upgrading of Tourism Enterprises and Destinations to enhance their Competitiveness

2011













Objectives and Output

- The objective of the intervention was to develop a green approach for upgrading the tourism value chain promotion by systematically integrating ecological aspects into the value chain analysis and design of interventions.
- The output was a Greening the tourism value chain strategy and action plan, which mitigates negative environmental effects while at the same time strengthening the competitiveness of the tourism industry in Bohol and Cebu















Methodology

The team of local and international experts identified **six hot spots** where action is needed along the value chain. **Three hot spots** are related to the **accommodation industry** as key actors in the value chain (hotels, resorts, guest houses) and **three hot spots** are related to **supply**, **transport** and **natural resources**.

In order to identify the hot spots in the tourism value chain, the following methodology was used:

- •Review of **secondary information** on environmental issues identified by other projects working on green hotels (websites, reports);
- •Short **report by experts** engaged in greening hotel projects in South-East Asia (three-day contract);













Methodology

- Meetings with national level political partners, resource persons and service providers;
- •Site visit to other projects working on energy efficiency and renewable energy issues at resorts on other islands in the Philippines (1 day);
- •Walk-throughs (short audits) of local experts in 11 accommodation businesses in the project location to identify current environmental practices and come up with recommendations for improvements (5.5 days);
- Additional interviews with hotel owners and managers by an international consultant;
- •Focus group discussions with value chains supporters, value chain actors and NGOs (0.5 days);
- •Individual follow-up meetings with value chain supporters, value chain actors and NGOs (3 days); and
- Strategy workshop with stakeholders (1 day).











Energy Efficiency

Solid Waste Management

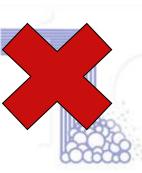






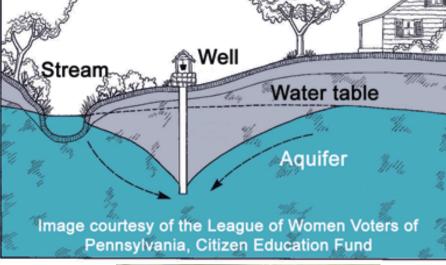
Wastewater Treatment

Water Conservation











Recommendations

- Use of appropriate/alternative technologies that promote efficiency in the use of energy, water, wastewater treatment
 - like key cards, low flow plumbing fixtures, constructed wetlands
- Initiate operational and behavioral changes
 - such as bulk purchasing, use of refillable containers, turning on the AC only when the guest arrives, information campaign for guests
- Use of alternative power/ heating / water sources
 - for example solar panels, solar water heaters, rainwater harvesting























Work Package	Micro	Meso	Macro	Meta
WP1: EE	Staff trainingPromote energy conservation and solar technologies	 Develop directory of suppliers of EE eqpt. Invite experts on EE/Green bldg. 	LGU incentives for EE firmsOrdinances on green buildings	NG incentives for EEUpgrade power infrastructure
WP2: Water Conservation	Awareness campaign at firm levelRainwater harvesting	Est. baseline dataTree plantingIEC on available technology	 Regulation of deepwells Ordinance on rainwater harvesting Common SWM facilities 	 Awareness campaign Use of matls. that allow rainwater penetration into the ground
WP3: SWM	Conduct waste characterization surveyWaste segregation	Include in the agenda of BAHRR/ABCAI	Implementation of SWM actProper disposal of waste from boats	 Incorporate SWM in school curriculum Competition for "cleanest" barangay
WP4: Transport	Improve system for boat toursPromote non- motorized transport	 LGU to regulate the scheduling of tour boats 	 Capacity building for boat operations 	 Conduct briefing for tourists in whale interaction
WP5: Supply	 Develop criteria & inventory of green products 	Market matching	 Provide incentives for suppliers 	IEC campaign for buyers and suppliers
WP6: NRM	 User fees Valuation of natural capital Identification of endangered species 	 ID of high risk areas Strengthening of CLEC Env'l. levies Est. docking area for fisherfolks 	 Expand MPAs Update zoning of coastal areas Implementation of 20- m salvage zones 	CB for stakeholdersIEC









out of the Bohol experience emerged the GIZ's

"Greening Value Chains"

Conceptual Framework for Integrating Climate Change and Environmental Concerns in Value Chain Strategies













Objective

- Getting concrete: Integrate green economy aspects into the work of BMZ / GIZ's Private Sector Development (PSD) by developing a greening approach for value chains (VC)
 - Take environmental aspects into account when selecting a value chain
 - Integrate environmental aspects into the analysis of value chains
 - Get an overview of instruments that can be employed to promote ecologically sustainable value chains.





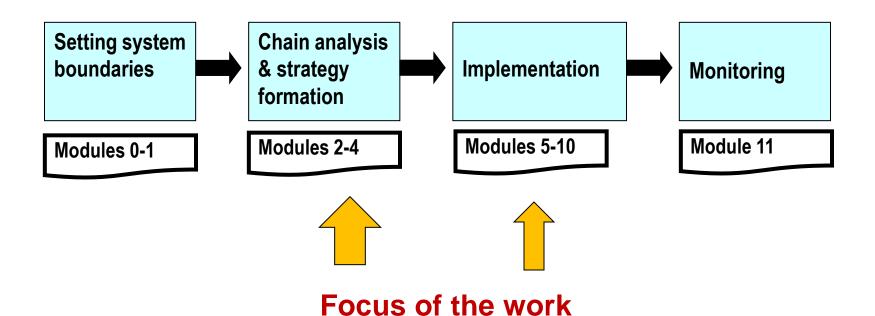








 Conceptual Approach oriented along giz Value Links methodology for value chain promotion













Steps of the Generic Greening Value Chain Approach

Steps in the methodology	Referring to environmental impact of the value chain	Referring to environmental impact on the value chain	Referring to products and services for a green economy		
Environmental and climate assessment	 Environmental cost along the value chain Resource efficiency potentials Ecosystem services 	 Technical and market risk of climate change and environmental degradation Vulnerability 	 Market opportunities for green products and services 		
Formulation greening objectives	 Emission reduction targets Resource efficiency targets 	 Adaptation of the value chain to climate change Value chain resilience to environmental stress Exit strategy (in case the value chain is no longer viable) 	 Expansion of market shares of green products and services 		
Upgrading strategy and actions	 Actions in the fields of value chain upgrading (especially green services, green financing, standards, legislative and regulatory environment) 				



Environmental and Climate Assessment

Selected quantitative concepts to assess environmental cost along VC

- Life cycle assessment (LCA)
 - Identifies, qualifies and aggregates environmental cost associated with all stages of a product's life



- Carbon footprint
 - Measures Green House Gas emission caused by a person, organization, event or product



Rather time & cost intensive tools











Environmental and Climate Assessment

Qualitative concept to assess environmental cost along VC

- Hot Spot Analysis
 - Identifies environmental "hot spots" along the VC
 - 1. Defining the VC stages (life cycle phases) and environmental and resource categories
 - 2. Assessing resource intensity for each resource category at every stage of the VC (rating 0-3)
 - 3. Assessing the relative importance of the VC stages in the total resource consumption of the VC (rating 0-3)
 - 4. Multiplying the points assigned to resource categories with the points assigned to stages -> Hot Spots identified



Environmental and Climate Assessment Example of a hot spot analysis table

VC-stages Resource categories	Raw material and agricultural production	Industrial production, transformation (processing)	Distribution, wholesale and retail trade	Consumption and waste disposal
	•	(processing)		
Material consumption (0-3)	Description and assessment (0-3)			
Energy (0-3)				
GHG emissions (0-3)				
Water consumption (0-3)				
Land (erosion, pollution) (0-3)				
Air pollution (0-3)				
Water pollution (0-3)				
Waste (0-3)				
Biodiversity (0-3)				











Environmental and Climate Assessment

Concept to assess risks and vulnerability of value chain

- "Vulnerability Hot Spot Analysis"
 - Similar to conventional hot spot analysis
 - 1. Identification of climate and environmental impacts on the value chain
 - 2. Assessment of value chain sensitivity / exposure to impact
 - 3. Assessment of the adaptive capacity of the value chain













Environmental and Climate Assessment

"Vulnerability Hot Spot Analysis"

Example: Impacts on the value chain

	Raw material	Industrial	Distribution,	Consumption
	and agricultural production	production, transformation (processing)	wholesale and retail trade	and waste disposal
Reduced water availability	Description of impact	ditto		
Air temperature raising	ditto			
Extreme weather events				
Biodiversity depletion				
Destabilization of ecosystems				
Land degradation, erosion				
Water and air pollution				
Degradation of natural attractions / landscape (for tourism VCs)				



Environmental and Climate Assessment

"Vulnerability Hot Spot Analysis"

Example: Assessment of adaptive capacity

	Operators in the VC concerned	Adaptation options	Current adaptive capacity of operators affected by the hot spot	Current adaptive capacity of VC
Vulnerability hot spot 1		 Innovating production and distribution technology Investment in infrastructure (e.g. water management) Innovating production organization Product innovation or shift to alternative products Risk insurance Relocating sites 	 Managerial capacity responding to challenges Technical skills Knowledge, education Access to resources Access to finance 	 Market demand for sustainable products R&D & information services VC integration, contractual linkages along the VC Sector policy in favor of sustainability Functioning cooperation in the VC (VC association, dialogue for a)
hot spot 2				



Formulation of greening objectives

Setting objectives and formulating greening strategy



- Following the analysis, green economy objectives need to be included in the design of VC development strategies
 - Complement conventional strategic considerations (such as competitiveness, market potential, job creation) with new criteria describing ecological sustainability of VC (environmental impact, climate resilience)
 - For each hot spot, **set resource efficiency targets** as well as targets addressing other environmental impacts such as pollution, waste etc.













Upgrading strategy and actions

Translating objectives for VC greening into upgrading action

- Module 5 (of Value Links): Facilitating (business) linkages
 - Need for linkages with R&D institutions, service providers of environmental services, public & private sector actors involved in innovating technologies and in business models for greening the VC
- Module 6: Development partnerships with the business community
 - Engaging in partnerships with international buyers and larger local companies as driving force for greening supply chains/ VC
- Module 7: Strengthening service markets
 - Specific consultancy and training services needed to support enterprises in their greening efforts. Positive external effects of environmental improvements might justify government support for green BDS.













Upgrading strategy and actions

Translating objectives for VC greening into upgrading action

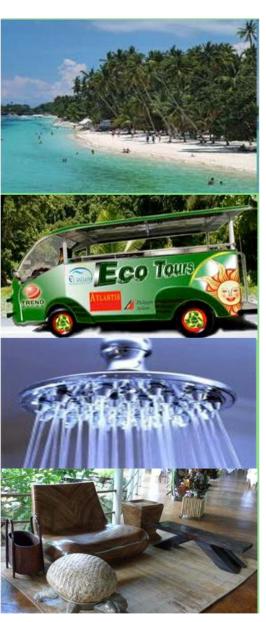
- Module 8: Financing value chains
 - Innovative green financial products (grants, loans) can foster investments of companies & households in low carbon, resource efficient production technologies
- Module 9: Improving quality, environmental and social standards
 - VC promoters can scale up efforts to meet environmental standards in VCs and build up institutional capacities and expertise regarding standards
- Module 10: Improving the business environment of value chains
 - Policies have to provide right incentives, set price signals and regulate markets. Policies can be classified into instruments/policies that push, pull or enable enterprises into going green.



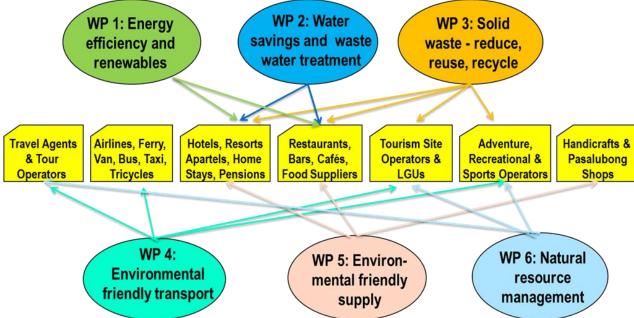








A holistic and systematic approach to greening VCs



Company level, upstream and downstream linkages and maintaining nature's capital

...in line with the push, pull and enable approach towards green growth... Enablers to go green

Macro level

- Negative incentives (\$, non-\$)
- Tougher norms and standards

Meso level

 Pressure from LGU, NGO, media

- ahead
- Lead companies requiring good environmental practices
- Ambitious and environmentally conscious staff
- Increasing energy prices
- Depleting resources





reuse, recycle

 Clean Technology transfer Green, innovative financing

Information, knowledge

Training and consulting

Match making

Macro level

- Positive incentives (\$, non\$)
- Green procurement policies
- Reduced tariff on imported clean technology

Meso level

 Sustainable consumption campaigns

Micro level

- Green supply chain initiatives by larger companies
- CDM financing options for green investment
- Pilot projects in other companies showing the way
- Consumer awareness

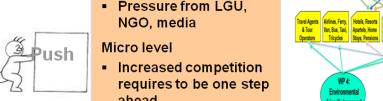




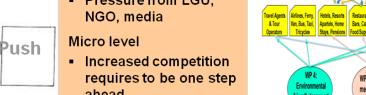
efficiency and

WP 5: Environmental friendly



















out of greening the value chain approach emerged the new project

Promotion of Green Economic Development (ProGED)

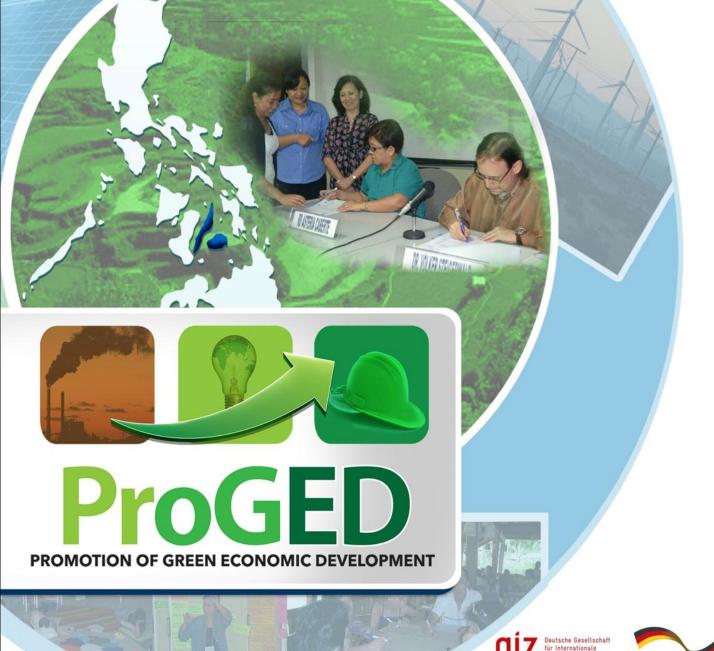




















Philippines

ProGED

Promotion of Green Economic



Funded by: BMZ

Partner: Department of

Trade and Industry (DTI)

01/2013 - 12/2015

Volume: 3 Mio. €

MSMEs as well as Government Institutions relevant to economic development increasingly implement environment friendly, climate smart and inclusive strategies and measures starting with

- the Value Chain of Tourism (including transport, food, handicrafts)
- two provinces Cebu and Bohol in the Visayas, the central island group
- working also at national level, moving into other value chains and areas from the second year onwards.

Information and Awareness on Green Economic Development

- Compile facts and figures, document good practices, business case
- Develop inventories, organize dialogue and information forums
- Green awards programs, green labels.

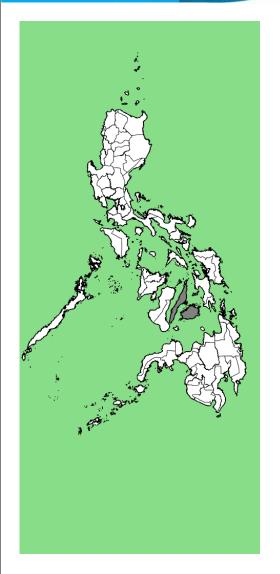
Green Service Facilitation and Matchmaking

- Establish matchmaking schemes with BDS, support associations
- Facilitate technology assessments, technology forums
- Support greening the suppliers, b to b events.

Green Framework Conditions

- Greening DTI, pilot green procurement
- Compile green policies, legislations, pilot PES schemes at local level





...and addressing cross-cutting topics

- Gender: take into account how male and female entrepreneurs respond differently to business challenges and opportunities related to climate change adaptation, mitigation and environmental degradation
- Conflict prevention: contribute to inclusive development
- CSR: strategic CSR by companies, building their green supply chains with local MSMEs, including farmers and fisherfolks
- Migration: integrate the green knowledge/ skills and the remittances of OFW













ProGED's Time Line

- Starting up, get ownership / partnerships
- Bohol and Cebu
- Value Chain Tourism
- Scoping / Inventories
- Good practices
- •IEC

- Scaling up strategy
- New locations, sector(s)
- Compile learnings
- Start impact assessments
- Award system
- Forums, matchmaking
- Look for funding

- •Impact Assessment
- •Knowledge Management
- Inphasing / outphasing
- Spread the word
- Prepare follow up "phase"

Get off to a good start

Go for upscaling

Institutionalization and sustainability

2013

2014

2015

Elections May 2013

Start of Elections 2016













Launching in Bohol, 25 February 2013











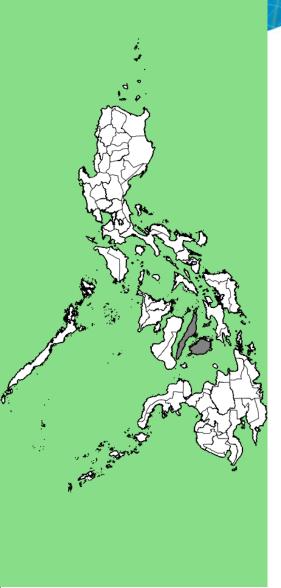






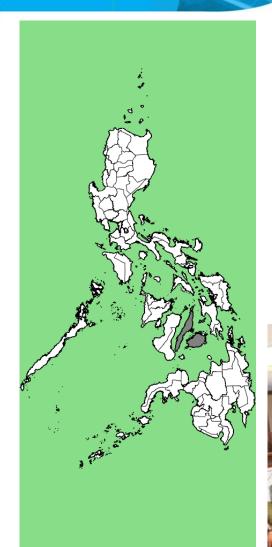
Start Up Event in Cebu, 11-13 March 2013







Start Up Event in Cebu, 11-13 March 2013









Where are we now?













Activities Bohol

- DTI Bohol organized a Regional Trade Fair promoting Bohol's best products and showcasing green technologies (July 2012); this will be replicated in July 2013 including green technology providers from outside of Bohol
- GIZ/DTI Bohol organized a Green Forum introducing the new accommodation standards, green architecture, energy efficiency for building to the accommodation sector in July 2012; this event will be replicated in July 2013 to facilitate matchmaking between green BDS providers and MSMEs
- Green Economic Development sensitization events for accommodation, food and beverage, tour operator, transport and souvenir sector through FGDs to revisit green action plans 2011 and develop green action plans for 2013-2014 (May-June 2013 in Bohol)













Activities Bohol

- Strengthening of the Provincial Tourism Council, applying Capacity WORKS resulted in a draft Ordinance to streamline institutionalization of tourism destination management within the Province (September 2012)
- Strengthening the Bohol Association of Hotels, Resorts and Restaurants (BAHRR) resulted in new MoU with a development partner (CIDA) to implement an HR development programme for middle management of tourism establishments, including environmental management systems (May 2013)
- GIZ/DTI Bohol facilitated the introduction/rolling out of the Tourism Value Chain development process to two other provinces (Camiguin/Negros Oriental) (January – June 2012) in which opportunities for green economic development are highlighted













Activities Cebu

- Matching of local suppliers with hotels
- FGDs with the operators of the various functional groups of the Health & Wellness Tourism Value Chain in Cebu (transportation, Wellness and SPA centers, restaurants, specialty clinics,

Tour Operators and the Cebu Health and Wellness Council) to:

- sensitize them on green economic development
- review their value chain upgrading plans (established in 2011/12)
- assess hotspots of the Health & Wellness Tourism Value Chain in Cebu
- integrate greening activities to their upgrading plans.
- Setting up inventories of BDS providers and technology consultancy services
- Optimizing the month-long Cebu Business Month (June 2103) to promote green economic development













Activities Bohol and Cebu

- Introduction of the ProGED project to key stakeholders in the Province of Bohol for joint implementation of project (through Launch in February 2013) and Start Up event in Cebu (March 2013)
- Green Finance Mission in Cebu and Bohol concluded with a Green Finance Forum in Bohol exploring available green finance windows and identifying green finance needs of MSMEs (April 2013) – more Green Finance Forums this year
- Tourism Impact Survey to identify the economic, environmental and socio cultural footprint of tourism businesses on Bohol and Cebu as a tourism destination (April to June 2013) including questions on resource efficiency and green finance needs
- Study on Migration / Remittances / Brain Gain and Green Economic Development in Bohol and Cebu













Activities Bohol and Cebu

- Linking transportation cooperatives with financial institutions to purchase new vehicles which are more fuelefficient /connect to ADB / Phil Gov e-tricycle program
- Information education campaign (IEC) for consumer groups on energy efficiency and waste reduction and their role in influencing businesses to make production more sustainable (monthly event)
- IEC for MSMEs and LGUs on green economic development through website, conferences, fora, audio video presentation and compilation of existing green initiatives in the tourism sector













Activities National

Scoping Mission: Greening of DTI

- asses the energy for going "green" in the whole organization
- establish "green" synergies with other DTI / development partner programs and projects
- set up a DTI internal task team from representing important units and offices
- > map out a process to come to a DTI Green Results Framework.

Building up linkages and alliances

- other German supported projects and programs
- other National Government Agencies (NGAs)
- > other development partners and international organizations

Putting Green Economy on the Agenda

- Philippine Development Forum: Working Group on Growth and Investment Climate
- National CompetitivenessCouncil (NCC)







