



Global
Green Growth
Institute

GGGI

Philippines Country Planning Framework 2016-2020



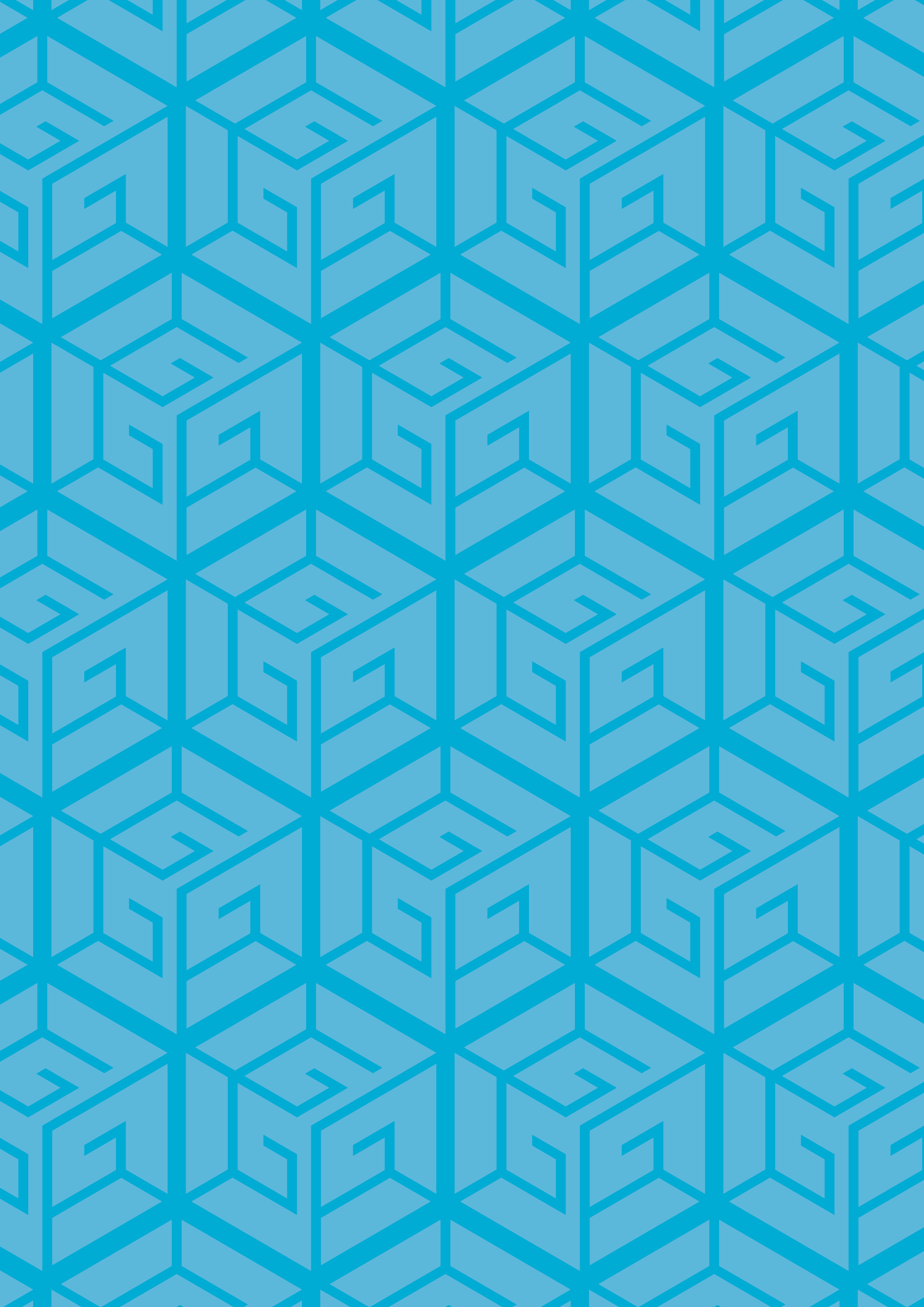


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Abbreviations and Acronyms

ADB	Asian Development Bank	GNI	Gross National Income
CCC	Climate Change Commission	INDC	Intended Nationally Determined Contribution
CDP	Comprehensive Development Plan	LCCAP	Local Climate Change Action Plan
CLUP	Comprehensive Land Use Plan	LGU	Local Government Unit
CPF	Country Planning Framework	MSME	Micro, Small and Medium-Sized Enterprise
CRGG	Climate Resilient Green Growth	MtCO₂e	Metric Tons of Carbon Dioxide Equivalent
DTI	Department of Trade and Industry	NCCAP	National Climate Change Action Plan
EPI	Environmental Performance Index	NEDA	National Economic and Development Authority
GDP	Gross Domestic Product	NFSCC	National Framework Strategy on Climate Change
GGGI	Global Green Growth Institute	NGA	National Government Agency
GHG	Greenhouse Gas	PDP	Philippine Development Plan
GIS	Geographic Information System	PSF	People's Survival Fund
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit	SDG	Sustainable Development Goal



1. Introduction to the Country Planning Framework

The Country Planning Framework (CPF) for the Philippines presents the strategic initiatives that the Global Green Growth Institute (GGGI) aims to pursue in partnership with the government. The CPF is formulated with the development challenges of the country in mind, and supports the national priorities of “inclusive growth” and “climate resilience” as embodied in the *Philippine Development Plan 2011–2016* (PDP) and the *National Climate Change Action Plan 2011–2028* (NCCAP). The CPF is also aligned with the organizational priorities of GGGI, specifically its thematic areas, value chain and delivery model as articulated in the *GGGI Strategic Plan 2015–2020*.¹ The CPF is thus a contextualized planning document for in-country programming.

The adoption and operationalization of the CPF is anchored on an outstanding Memorandum of Understanding, which outlines the broad areas of collaboration between GGGI and the Climate Change Commission (CCC) toward green growth, effective until October 2021. Hence, mutual commitment for the CPF is envisaged from both GGGI and the government.

Box 1. About GGGI

The Global Green Growth Institute (GGGI) was founded to support and promote a model of economic growth known as “green growth”, which targets key aspects of economic performance such as poverty reduction, job creation, social inclusion and environmental sustainability.

GGGI envisions a resilient world achieved through strong, inclusive and sustainable green growth, and is dedicated to supporting the transition of GGGI member countries toward a green growth model. In pursuit of these goals, GGGI works with developing and emerging countries to design and deliver programs and services that demonstrate new pathways to pro-poor economic growth.

GGGI supports stakeholders through two complementary and integrated work streams—Green Growth Planning & Implementation and Knowledge Solutions—that deliver comprehensive products and services designed to assist in developing, financing and mainstreaming green growth in national economic development plans.

GGGI’s interventions emphasize change in four priority areas considered to be essential to transforming countries’ economies including energy, water, land use and green cities.

Headquartered in Seoul, Republic of Korea, GGGI also has representation in a number of partner countries.

¹ GGGI, *GGGI Strategic Plan 2015–2020: Accelerating the Transition to a New Model of Growth* (Seoul, 2015).



2. Country Overview

The Philippines is an archipelago, consisting of 7,107 islands with a land area of approximately 300,000 square kilometers, located between the Philippine Sea and the South China Sea. It comprises three major island groups, namely: Luzon, Visayas and Mindanao, which are sub-divided into 17 regions, namely: Regions I-XIII, National Capital Region or Metro Manila, Cordillera Administrative Region, and the Autonomous Region in Muslim Mindanao. Manila, located in the National Capital Region, is the capital of the country. Two distinct seasons, the wet and the dry, characterize the climate of the country. During the wet season, (June until November of the year), rains shower all across the country. The dry season is from December to May of the succeeding year. These seasons bring about temperatures ranging from a cool of 18.7°C in January to a peak heat of 36.0°C in March.

Table 1. The Philippines at a glance

Population (million), 2013	98.39
Total area (sq. km)	300,000
GDP (current billion USD), 2013	272.1
GNI per capita, Atlas method (current USD), 2015	3,540
DAC classification	Lower middle-income
Poverty headcount ratio at national poverty lines (% of population), 2012	25.2
CO ₂ emissions (metric tons per capita), 2010	0.9
Water productivity, total (constant 2005 USD GDP per cubic meter of total fresh water withdrawal), 2011	1.67
Forest area (% of land area), 2010	25.71
Human Development Index, 2012	0.654
World Risk Index (countries that are most at risk worldwide), 2014	2 (out of 171 countries)

Sources: Food and Agriculture Organization of the United Nations; Organisation for Economic Co-operation and Development; United Nations Development Programme; United Nations University Institute for Environment and Human Security; and World Bank

2.1 Significant Economic and Social Progress but Challenges Remain

The Philippine economy has been growing at an average rate of 5.2% over the last 10 years. The gross domestic product (GDP) growth rate in 2013 and 2014 was 6.4% and 6.3%, respectively, making the Philippines one of the faster growing economies in Asia. Economic momentum is largely driven by business process outsourcing, mining and construction, domestic consumption, and overseas remittances.

Despite economic growth, progress in poverty reduction has been slow with inequality falling in the urban areas but rising in the rural areas.² With a total population of around 98.39 million,³ poverty is a core challenge as poverty incidence has increased from 24.9% in 2003 to 26.5% in 2009,⁴ and 25.2% in 2012.⁵ This percentage has remained relatively stagnant over the past decade indicating that the absolute number of poor people has increased given national population growth. Income inequality is also a concern with a Gini ratio in the mid-40s (the Gini ratio of Indonesia and Viet Nam is around 38-39). About 67% of the poor lives in rural areas and rural poverty continues to be higher than the national average (32.9% in 2006). Furthermore, urban poverty is on the rise with a large portion of the urban population living barely above the poverty line, and is likely to slip back below the poverty line due to loss of employment, illness, natural disasters, or other factors affecting income levels.⁶

Economic growth has not translated into significantly higher employment with unemployment rates remaining relatively high. Between 1990 and 2005, unemployment averaged 10%, and since 2011 the unemployment rate has been flat at around 7%, reinforcing the “jobless growth” phenomenon. The unemployment rate in the Philippines is higher than other countries in the region, including China, Malaysia and Thailand where unemployment is 4% or lower during the same period.⁷

2 NEDA and United Nations Development Programme, *The Philippines: Fifth Progress Report – Millennium Development Goals* (Pasig City, 2014), 2, http://www.neda.gov.ph/wp-content/uploads/2014/08/PH-5TH-MDG-PROGRESS-REPORT_Nov-4-ver.pdf.

3 World Bank, 2013.

4 ADB, *Republic of the Philippines National Urban Assessment* (Mandaluyong City, 2014), 36, <http://www.adb.org/sites/default/files/publication/42817/philippines-national-urban-assessment.pdf>.

national-urban-assessment.pdf.

5 World Bank, 2012.

6 ADB, *Republic of the Philippines National Urban Assessment* (Mandaluyong City, 2014), 37, <http://www.adb.org/sites/default/files/publication/42817/philippines-national-urban-assessment.pdf>.

7 NEDA, *Philippine Development Plan 2011-2016* (Pasig City, 2011), Chapter 1, 19.

The Philippines is Asia's best performing country when it comes to closing the gender gap, especially in education and health, according to the *Global Gender Gap Report 2014*.⁸ Women have become more empowered through political and economic participation and more visible as leaders in decision-making at the national and local government levels.⁹

However, inequality persists in the labor market as women comprise 70% of the informal economy and unable to enjoy the same benefits and same pay as workers in the formal economy. Women receive less than 60% of the annual earnings of their male counterparts. Despite gender-responsive initiatives, such as the *Women's Empowerment, Development and Gender Equality Plan 2013-2016*, an assessment of the labor market in the Philippines reveals that women still suffer from limited access to decent jobs, contend with more vulnerable work and suffer from unpaid work burden. They face domestic work burdens, and have limited access to training, government services, credit, social protection and financial services. Women also experience pervasive discrimination, including lack of social protection in most aspects of their employment and work. In this regard, the government is confronted with the task of generating employment growth, reducing vulnerable employment, and improving decent work opportunities for both women and men.¹⁰

2.2 Governance Based on Decentralized Structure

The Philippines has a democratic government under a constitutional republic with a presidential system. The President, elected for a single six-year term, functions as head of state, head of government, and commander-in-chief of the armed forces. The country has a Bicameral Congress composed of the Senate and the House of Representatives. Judicial power rests in the Supreme Court, composed of a Chief Justice and 14 associate justices.

The country has embraced decentralization as a governance platform with the enactment of the *Local*

Government Code of 1991. This Act accorded significant political and fiscal autonomy to local government units (LGUs) as frontline service providers and as managers of local economic development within their respective localities. Government leaders are installed through national and local elections, held every 6 years and 3 years, respectively. As of 2013, the LGUs in the country consist of 80 provinces, 143 cities, 1,491 municipalities and 42,028 *barangays* (villages).

2.3 Highly Vulnerable to Climate Change Impacts

In human development, the Philippines has demonstrated respectable performance as a medium human development country, as categorized by the United Nations Human Development Index 2014, and ranks 117th out of 187 countries.¹¹ In terms of the nation's progress in the protection of human health from environmental harm and the protection of ecosystems, the Environmental Performance Index of 2014 ranks the Philippines 114th out of 178 countries.¹² However, these developmental and environmental protection gains, which has taken years to attain, could be easily eroded by climate change as manifested by the extent of damages to properties, lives and institutions caused by recent calamities that affected the country.

The Philippines is a minor contributor to global warming although its greenhouse gas (GHG) emission ranks in the top 25% among low to medium income countries. The country ranks 43rd in global GHG emissions, and 112th in emissions intensity, accounting for 0.3% of global emissions. Among the 128 member countries of the World Bank, the Philippines' GHG emissions and emissions intensity are 24th (in top 25%) and 71st (in top 75%), respectively. The country's total GHG, excluding land-use change and forestry, have hovered around 80 million metric tons of carbon dioxide equivalent (MtCO₂e) since the late 1990s.¹³

While the country has minimal contributions to global climate change, it ranks third globally as the most vulnerable to weather-related extreme events and sea

8 World Economic Forum, *The Global Gender Gap Report 2014* (Geneva, 2014), http://www3.weforum.org/docs/GGGR14/GGGR_CompleteReport_2014.pdf.

9 United Nations Development Programme – Philippines, "MDGs: Promote Gender Equality and Empower Women," <http://www.ph.undp.org/content/philippines/en/home/mdgoverview/overview/mdg3.html>.

10 ADB, *Gender Equality in the Labor Market in the Philippines* (Mandaluyong City, 2013), <http://www.adb.org/sites/default/files/publication/31194/gender-equality-labor-market-philippines.pdf>.

11 United Nations Development Programme, *Human Development Report 2014 – Sustaining Human Progress: Reducing Vulnerabilities and Building Resilience* (New York, 2014), <http://hdr.undp.org/sites/default/files/hdr14-report-en-1.pdf>.

12 The EPI is a joint project of the Yale Center for Environmental Law and Policy and the Center for International Earth Science Information Network at Columbia University.

13 World Bank, *Getting a Grip on Climate Change in the Philippines: Executive Report* (Washington D.C., 2013), 25, <http://www.worldbank.org/content/dam/Worldbank/document/EAP/Philippines/Final%20ExReport.pdf>.

level rise. Sixteen of the 81 provinces in the country are among the top 50 most vulnerable regions in South-East Asia. Storm surges are projected to affect about 14% of the total population and 42% of the coastal population.¹⁴ The annual direct cost of damage due to natural disasters over the period 1990 to 2008 varied between 0.7% and 1.0% of GDP.¹⁵

The Philippines has progressive laws related to climate change. In 2009, the *Climate Change Act* was enacted under Republic Act 9729 and later amended through Republic Act 10174. It mandated the establishment of CCC as the lead agency in the formulation of policies related to climate change. It also necessitated the creation of the *National Framework Strategy on Climate Change 2010–2022 (NFSCC)* and the NCCAP, completed in 2010 and 2011, respectively.

2.3.1 Challenges in Ecological and Environmental Stability

The Philippine ecosystem has changed significantly and is characterized by a high level of environmental degradation. This is due mainly to: (1) large-scale conversion of forests and grasslands into croplands, settlements and mining areas; (2) pollution of water bodies; and (3) loss of mangrove and coral reefs.¹⁶ Sustained forest loss in the Philippines is causing severe soil erosion, and is threatening the country's rich biodiversity.

This is particularly worrying as Philippines is one of the 17 megadiverse countries¹⁷ and many of the species that depend on these forests are endemic and unique to the Philippines.¹⁸ Scientists estimate that only 6–8% of the country's primary forest remains; only 5% of the Philippine's coral reefs have 75–100% live coral cover; and 21% of the vertebrates and more than 50% of the known plant species are threatened.

Additionally, rapid urbanization as a result of population growth and migration patterns, has led to waste and water resource challenges. With only about 10% of wastewater in the Philippines being treated or disposed of in an environmentally sound manner, the rest goes back to nature, usually the sea. Water pollution is a growing

problem for the country's ground water, rivers, lakes and coastal areas. Polluting industrial material is also found in abandoned mining areas, with mercury pollution affecting water bodies in these areas.

Climate change impacts, coupled with unchecked human activities, are expected to significantly aggravate the condition of the ecology and the environment. For instance, the El Nido Reefs, one of the better managed reefs in the country, was severely affected by the El Niño events in 1997 and 1998. The El Nido Reefs suffered a 60% reduction in coral reef cover and has not recovered to date.¹⁹ On a national scale, this coral bleaching event decreased live coral cover by as much as 49%.²⁰

2.3.2 Challenges in Human Security

The concept of "human security" is defined in the PDP as a condition where the rights of the Filipino families and individuals, especially the poor and vulnerable, are promoted through access to education, health, housing and social protection, while ensuring environmental sustainability.²¹

Climate change impacts raise human security concerns as natural calamities could potentially displace people, cause scarcity of basic resources and worsen living conditions. The poor Filipinos, which comprise about a quarter of the national population, are particularly vulnerable to climatic, disaster, financial and price shocks given their lack of coping capacity and limited access to institutional mechanisms and support. In the event of such calamities, the poor are plunged deeper into poverty.

This was evident in 2013 when a 7.2 magnitude earthquake and a Category 5 Super Typhoon Haiyan hit the country and affected 3.2 million people and displaced over 4 million people, respectively. The combined damages to agriculture, infrastructure and private properties reached almost USD 900 million, and the Asian Development Bank (ADB) estimated that these events have increased the national poverty incidence by 1.9 percentage points.²² To date, a substantial number of households and communities in the affected regions are still trying to recover from the impacts of these natural calamities.

14 Alliance Development Works, *World Risk Report 2013* (Berlin, 2013), 9, http://www.worldriskreport.org/fileadmin/PDF/2013/WorldRiskReport_2013_online.pdf.

15 ADB, *Republic of the Philippines National Urban Assessment* (Mandaluyong City, 2014), 38, <http://www.adb.org/sites/default/files/publication/42817/philippines-national-urban-assessment.pdf>.

16 CCC, *National Climate Change Action Plan 2011–2028* (Manila, 2011), 14.

17 The megadiverse countries are a group of nations that contains more than 70% of the earth's biodiversity, identified in 1998 by Conservation International.

18 WWF, "Environmental Problems in the Philippines," http://wwf.panda.org/who_we_are/wwf_offices/philippines/environmental_problems_in_philippines.

19 CCC, *National Climate Change Action Plan 2011–2028* (Manila, 2011), 15.

20 Ibid.

21 Ibid., 16.

22 NEDA and United Nations Development Programme, *The Philippines: Fifth Progress Report – Millennium Development Goals* (Pasig City, 2014), 9, http://www.neda.gov.ph/wp-content/uploads/2014/08/PH-5TH-MDG-PROGRESS-REPORT_Nov-4-ver.pdf.

2.3.3 Challenges in Food Security

Climate change will have significant impact on the Philippine agriculture and fishery sectors, affecting people's health and nutrition, and livelihood.

The sustainable attainment of food security is anchored primarily on the agriculture sector, which accounts for one third of total national employment and contributes to roughly 18% of the GDP. However, the agriculture sector is faced with recurring damages brought about by climate-related events. From 1990 to 2006, the cumulative damages to the agriculture sector caused by natural calamities amount to an estimated USD 280 million. In 2009, Typhoon Haiyan damaged about 126,271 hectares of farmlands, which is equivalent to USD 4.3 billion or 2.7% of the GDP for that year.²³

The country has vast fishery resources, with over 2.2 million square kilometers of highly productive seas. But the sector faces overfishing with an estimated 90% decrease in the quantity of marine organisms in some traditional fishing areas. Degradation of the sector due to human-induced activities has led to social impacts and economic losses estimated at USD 420 million annually. The condition of the fishery sector is further aggravated by climate change as manifested by El Niño episodes that lead to coral bleaching and negatively affect fishery resources.²⁴

2.3.4 Challenges in Water Sufficiency

The country has abundant fresh water resources from rainfall, surface water and ground water. The annual average rainfall is about 2,440 mm; dependable surface supply is estimated at 125.8 billion cubic meters; and ground water potential is about 20.2 billion cubic meters.

However, due to geographic and seasonal variations, water availability has become time and site specific.²⁵

This condition is further complicated by gaps in the institutional and governance mechanisms that oversee the regulation, extraction, utilization and distribution of water resources in the country.

Climate change will exacerbate water availability problems, as wetter and drier climates will impact on stream flow, dam operations, hydropower generation, depth and recharge of aquifers, water quality and watersheds, among others.²⁶ In turn, these are expected to negatively impact on food and human security, hence robust interventions in planning, regulation, implementation and monitoring of the sector are required.

2.3.5 Challenges in Energy Security

The Philippines is confronted with the formidable challenge of developing sustainable clean energy that will address the requirements of economic growth and urbanization, while minimizing adverse effects on the environment.

GHG emissions is primarily accounted for by the energy sector, which contributes about 69,667 gigagrams of carbon dioxide equivalent (GgCO₂e) as the sector continues to rely on imported oil, coal and ethanol to meet total energy demand. Within the sector, the biggest GHG emissions are from the transport and electricity generation sub-sectors given the continuing dependence on imported coal for power and petroleum for transportation.²⁷

Economic growth and rapid urbanization have contributed significantly to the energy challenges in the country. The performance of the Philippine transport sector is rated relatively poor. Out of 144 countries, the World Economic Forum's *Global Competitiveness Report 2012–2013* ranked the Philippines 87th for road quality; 94th for railroads; 112th for airports; and 120th for ports.²⁸ The poor condition is further emphasized in the case of urban transport where road-based modalities are most dominant and contribute to traffic congestion and increasing air pollution. Metro Manila is considered one of the most polluted cities in Asia and the world.²⁹

At the same time, there is increasing demand for power to sustain the activities of a growing economy. Considering present rates, GHG emissions from the power sector is expected to increase from 26 MtCO₂e/year in 2007 to 140 MtCO₂e/year in 2030, while GHG emissions from the

23 CCC, *National Climate Change Action Plan 2011-2028* (Manila, 2011).

24 Food and Agriculture Organization of the United Nations, "Fishery and Aquaculture Country Profiles: The Republic of the Philippines – Socio-economic contribution of the fishery sector," <http://www.fao.org/fishery/facp/PHL/en#CountrySector-SectorSocioEcoContribution>.

25 CCC, *National Climate Change Action Plan 2011-2028* (Manila, 2011), 11.

26 Ibid.

27 Ibid., 25.

28 ADB, *Philippine Transport Sector Assessment, Strategy and Road Map* (Mandaluyong City, 2012), 6, <http://www.adb.org/sites/default/files/institutional-document/33700/files/philippines-transport-assessment.pdf>.

29 CCC, *National Climate Change Action Plan 2011-2028* (Manila, 2011), 25.

transport sector will increase from 37MtCO₂e/year in 2007 to 87 MtCO₂e/year in 2030. This energy and emission scenario is largely a product of economic growth and rapid urbanization.

2.4 Green Growth is Recognized as a Priority

The Philippines, as a signatory of the Manila Declaration on Green Industry in 2009, recognizes the need to pursue green growth to achieve sustainable economic growth. Related to this, the long-term goal of the NCCAP is the sustainable transition to green growth by:

- Developing climate-smart industries and services in partnership with the private sector;
- Creating green jobs and sustainable livelihood for the most vulnerable women and men in rural communities;
- Promoting climate resilient and sustainable cities and municipalities.

The NCCAP focuses on developing climate-smart industries by encouraging businesses to provide products and services that efficiently utilize resources, provide renewable sources of energy, lower GHG emissions and minimize environmental impacts. Hence, the desired outcome is integrating “adaptation” and “mitigation” such that these become mainstreamed in core business policies and operation.

The NCCAP aims to create green jobs, which are decent and efficient jobs that reduce the environmental impacts of the economic sectors, reduce the use of energy and natural resources, and minimize all forms of wastes and pollution.

Given the decentralized context of the country, the NCCAP aspires to develop sustainable cities and municipalities or “Ecotowns”. An Ecotown is viewed as an LGU that considers: (1) environmental impacts and protection of ecosystems; (2) efficient use of land, energy, water and food; (3) minimization of waste outputs; and (4) creation of sustainable jobs. Ultimately, Ecotowns’ goals are the creation of the smallest possible ecological footprint, reduction of its overall contribution to climate change, and the building of resilient communities and ecosystems.³⁰

2.4.1 Knowledge and Capacity Development for Green Growth

The NCCAP underscores the need to develop knowledge and strengthen capacity for pursuing climate change resilience and green growth. Effective policies and programs need to be formulated and implemented based on sound and evidence-based analysis to ensure that maximum impacts are attained.

In the area of strategic knowledge development, the NCCAP highlights the need to access relevant global information and localize these to facilitate the contextual application of proven best practices. At the same time, it is imperative to establish an effective data management and reporting system that could inform government and private sector decisions.

Although national government agencies (NGAs) and LGUs have been accumulating data, the gap lies in the absence of an effective knowledge management mechanism that will allow centralized data consolidation, processing and analysis. Current information management practices have been weak in disseminating relevant knowledge materials, which is clearly a challenge with a population that is widely dispersed in several regions.

In capacity development, the findings of a government study on institutional capacity for climate change adaptation noted that there is substantial human resource in the bureaucracy that can be tapped to deliver services related to climate change adaptation. Nevertheless, the study noted the following needs: (1) for institutions to formulate their respective climate change adaptation policies; (2) for relevant, timely and accessible data and information; and (3) to build knowledge and capacities of government personnel.

It is also necessary to enhance the capacity of communities, particularly those that are inherently susceptible to natural disasters, and those that have already been affected and are in the process of rehabilitation and recovery. These people, which are mostly located in the poorer LGUs, are in general technically and financially weak. They require government assistance to prepare for calamities, and support to help them “build-back-better”.

³⁰ Ibid., 20.



3. National Priorities

3.1 Pursuing Inclusive Growth

The principle of “Inclusive Growth” serves as the fundamental governance platform of the government to realize its “Social Contract with the Filipino People”. Inclusive growth, defined as “high growth that is sustained, generates mass employment and reduces poverty”, is the overarching principle embodied in the PDP. The PDP serves as the blueprint for the government in formulating policies and implementing programs that will enable all Filipinos to benefit from economic development. The PDP aligns priority programs under five key result areas, namely: (1) good governance and anti-corruption; (2) economic development; (3) human development and poverty reduction; (4) climate change adaptation and mitigation; and (5) security, justice and peace. The National Economic and Development Authority (NEDA), the lead socio-economic planning agency of the Philippine government, is in charge of facilitating the formulation of the PDP.

As described, the Philippines is one of the faster growing economies in Asia. The challenge lies in ensuring that these economic gains benefit the poor members of society. Underemployment remains significant particularly in the agriculture sector, where 48% of the farmers and 41% of the fishermen live below the poverty line. Natural calamities, such as Typhoon Haiyan, impact negatively and directly on the poor given the absence of adequate coping mechanism to prepare and recover after such disasters.

NEDA is currently developing a long-term 25-year vision for the Philippines and the Filipino people to serve as basis for unity among Filipinos, guide development planning across government administrations, and harmonize development assistance in the country. Termed as the “Long-Term Vision”, it intends to help successive administrations remain focused on the country’s long-term goals while responding to short- and medium-term needs and conditions.

3.2 Promoting Climate Resilience

Given the inherent vulnerability of the Philippines to the impacts of climate change, the government enacted the *Climate Change Act of 2009* to mainstream climate change concerns in the formulation of government policies and in the design and implementation of related programs. This landmark legislation brought forth key institutional and policy reforms within the government, such as the establishment of CCC as the lead policymaking body of the government tasked to coordinate, monitor and evaluate the programs and action plans relating to climate change.

In fulfilling its mandate, CCC led the development of the NFSCC, which envisions the equal protection for the poor, women, children, and the other vulnerable and disadvantaged sectors, while building the adaptive capacity of communities and the resilience of ecosystems to climate change.

Guided by the NFSCC, CCC spearheaded the formulation and approval of the NCCAP with the ultimate goal of “building the adaptive capacities of women and men in their communities, increasing the resilience of vulnerable sectors and natural ecosystems to climate change, and optimizing mitigation opportunities toward gender-responsive and rights-based sustainable development”. The NCCAP outlines strategic directions in the areas of: (1) food security; (2) water sufficiency; (3) ecological and environmental stability; (4) human security; (5) climate-smart industries and services; (6) sustainable energy; and (7) knowledge and capacity development. See Table 2 for an overview of the NCCAP outcomes.

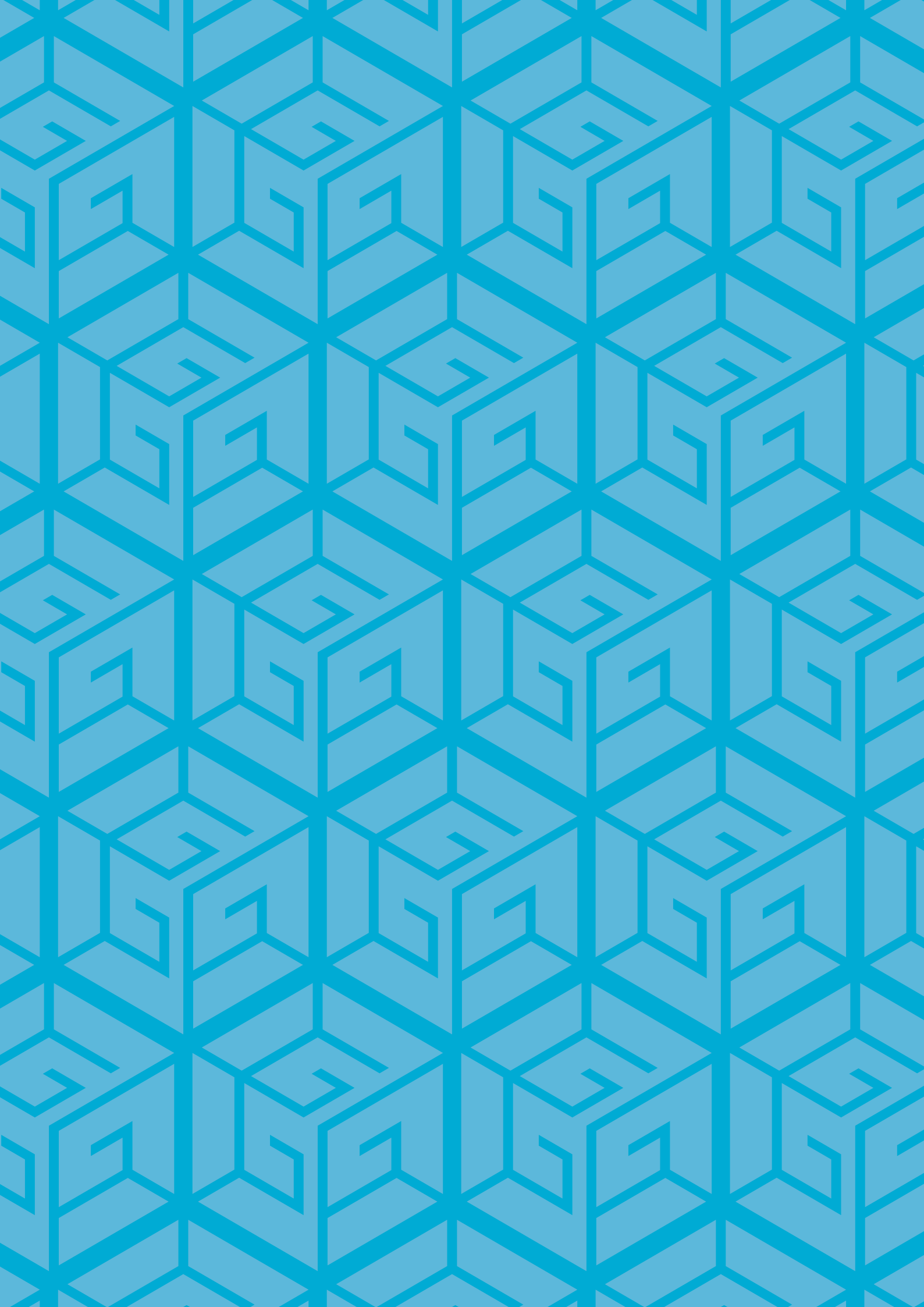
Table 2. An overview of NCCAP

Goal	To build adaptive capacities of women and men in their communities, increase the resilience of vulnerable sectors and natural ecosystems to climate change, and optimize mitigation opportunities towards a gender-responsive and rights-based sustainable development.						
Ultimate Outcomes	Enhanced adaptive capacity of communities				Successful transition towards climate-smart development		
Strategic Priorities	Food Security	Water Sufficiency	Ecosystem and Environmental Stability	Human Security	Climate-smart Industries and Services	Sustainable Energy	Knowledge and Capacity Development
Intermediate Outcomes	Availability, stability, accessibility, affordability, safe and healthy food ensured amidst climate change.	Water resources sustainably managed and equitable access ensured.	Enhanced resilience and stability of natural systems and communities.	Reduced risks of the population from climate change and disasters.	Climate-resilient, eco-efficient and environment-friendly industries and services developed, promoted and sustained.	Sustainable renewable energy and ecologically efficient technologies adopted as major components of sustainable development.	Enhanced knowledge on and capacity to address climate change.

Source: CCC, *National Climate Change Action Plan 2011-2028* (Manila, 2011)

The NCCAP underscores the important role of LGUs as “frontline agencies in the formulation, planning and implementation of climate change action plans, consistent with the provisions of the Framework and the NCCAP”. Thus, LGUs are required to prepare their respective Local Climate Change Action Plans (LCCAPs).

Realizing the need to support the actual implementation of climate change adaptation interventions, the People's Survival Fund (PSF) was created through the passing of Republic Act No. 10174 to amend the *Climate Change Act* of 2009. The PSF is a special fund for financing adaptation programs and projects based on the NFSCC. The PSF is provided with an annual appropriation of PHP 1 billion (USD 25 million) from the budget of the national government. The CCC, as PSF Secretariat, is currently leading the preparatory work to operationalize the fund.





4. GGGI's Engagement in the Philippines

4.1 Engagement To Date and Key Results

The work of GGGI in the Philippines commenced in partnership with CCC through a Memorandum of Understanding and Project Agreement entered into by both parties in 2011. Under these instruments, CCC and GGGI implemented the “Demonstration of Ecotown Framework Project (Phase 1)” to promote ecologically stable and economically resilient communities.

The project involved scientific analyses and participatory approaches in the conduct of a vulnerability assessment, an environment and natural resource assessment, geographic information system (GIS) mapping, and identification of climate change adaptation measures. The project supported the implementation of selected components in several municipalities in Siargao Island, such as the vulnerability and adaptation assessment and GIS mapping, and full implementation in the Municipality of San Vicente in the Province of Palawan.

The Municipality of San Vicente, where the project was focused, is a town of approximately 30,000 people, 60% of whom are dependent on farming and fishing for their income. It is highly vulnerable to climate change impacts particularly sea level rises, coastal inundation, flooding and drought. Poverty is pronounced with about 40% of the people living below the poverty line. The livelihood and food security in the municipality are significantly at risk since fishing and farming, the staple income sources, are extremely susceptible to the effects of climate change.

Through the project, CCC and GGGI conducted the aforementioned analyses to examine the vulnerability of four sectors—(1) agriculture; (2) coastal and marine; (3) forestry; and (4) health. In these four sectors, appropriate adaptation measures were identified, which included modernizing farming practices; introducing more climate-resilient crops; establishing sea walls and dikes; setting up an early warning system; and providing alternative livelihood. These activities were undertaken in a participatory manner to ensure that the concerns of various stakeholders, especially the poor, were considered. Local and international experts were engaged to verify the results of the assessments

conducted by project-hired consultants. The results of these exercises helped the municipality undertake appropriate interventions, and inform the updating of its *Comprehensive Land Use Plan (CLUP)* and *Comprehensive Development Plan (CDP)*. They are both fundamental planning documents for all LGUs in the Philippines.

The findings and recommendations from the assessments and analyses have been adopted through a Municipal Resolution issued in January 2014 and these are now being used to update and “climate proof” the CLUP and CDP of San Vicente. These planning documents are utilized as technical reference in the preparation of the *Municipal Tourism Master Plan*, which the municipality is undertaking with support from the Department of Tourism to guide the LGU toward responsible eco-tourism development.

Specific measures to promote green growth and climate resilience have been initiated by the municipality based on project findings. These include:

- The delineation of a 50 meter marine zone to serve as easement for any infrastructure in the coastal areas;
- The proposal for the construction of a sanitary landfill;
- The identification of solar energy centers in various community sites;
- Ongoing river de-siltation;
- Operation of alternative livelihood programs to ease the impacts of climate change on the income of farming and fishing households.

The project is well recognized by government with President Aquino expressing interest to replicate this project in other LGUs to help them respond to the challenges of climate change in their respective localities.

Building on the lessons from the “Demonstration of Ecotown Framework Project (Phase 1)” and responding to the interest of the government to replicate this project in other LGUs, CCC and GGGI developed the “Ecotown Scale-Up Project (Phase 2)” to introduce climate resilient green growth (CRGG) planning at the provincial level.

The project, covering the two provinces of Palawan and Oriental Mindoro, primarily aims to: (1) enhance climate change resilience and promote inclusive green growth in participating provinces; and (2) replicate CRGG planning and implementation models in other provinces to institutionalize the approach at the national level.

The project will support the “knowledge and capacity development” priority of the NCCAP by collaborating with CCC in the implementation of a capacity development program that will enhance the understanding by selected municipalities of the “Ecotown Approach”. This initiative, which supports the replication of the project, will involve training of academic institutions as “trainers” and the conduct of training activities for 300 municipalities in 2015–2016. The key features of the Ecotown Scale-Up Project include the following:

- **Nexus of economic growth and climate resilience** – The project will underscore and build the mutually reinforcing relationship between climate change adaptation and economic development as necessary prerequisites to sustainable development.
- **Province level intervention** – The provincial entry point intends to reach a broader spatial coverage given the administrative oversight and economic influence of provincial governments over its constituent cities and municipalities.
- **Scientific and evidence-based analyses** – The technical assistance to the provinces will involve climate resilience diagnosis through scientific exercises to examine the climate vulnerability conditions and prioritize corresponding adaptation measures. The green growth assessment will be based on the analyses of local socio-economic challenges, trends and potential, income and poverty levels, and climate change scenarios for specific industries.
- **Support for bankable projects** – The results of these analytical exercises will inform the development of a Provincial CRGG Strategy, which will help the two provinces address the combined challenges of responding to climate change and stimulating local economic development that should lead to poverty reduction and social inclusion. The project will support the preparation of pre-feasibility studies and investment matching for flagship initiatives identified in the strategies to support the implementation of bankable projects.
- **Ownership and knowledge transfer** – The project consultants will conduct project activities jointly with the Provincial Project Teams, consisting of personnel from the provincial government, to develop project ownership. Capacity development activities will be undertaken to promote knowledge transfer between the experts and the concerned provincial personnel. The project will also facilitate the development of training modules, training of academic institutions, and formation of an “Ecotown Trainers Pool” to sustain knowledge development among LGUs.
- **Participation and inclusion** – Participation by concerned stakeholders, particularly women and marginalized groups, in specific project stages will be undertaken through the Provincial Consultative Group of each province to capture their concerns and foster inclusion.
- **National level intervention** – Although the project is implemented at the provincial level, the project lessons are expected to inform national level dialogue and policies through the National Project Advisory Committee. In collaboration with GGGI, selected analytical studies, such as the planned case study to promote green practices in the operations of micro, small and medium-sized enterprises (MSMEs), will be conducted to support policy discussions.

4.2 Planned Initiatives

In support of government priorities as embodied in the NCCAP, GGGI will utilize its in-country experience and global expertise to help relevant agencies pursue green growth-related initiatives at a national scale.

GGGI will explore potential partnership with NEDA to support the mainstreaming of green growth into the national development planning process of the country through the Long-Term Vision. To support the implementation of the national vision and integrate green growth concepts in development planning processes, GGGI will assist NEDA in the development of the “National Guidelines for Mainstreaming Green Growth and Localizing the Long-Term Vision”.

Once developed, the national guidelines will be piloted in the provinces of Palawan and Oriental Mindoro to help them prepare their respective Provincial Long-Term Visions. The Ecotown Scale-Up Project is also implemented

in these two provinces, thus, the implementation of this pilot activity will complement and benefit from the project as its results and outputs could potentially inform the long-term visions of the two provinces, and contribute to the institutionalization and realization of the visions.

Under the Ecotown Scale-Up Project, the two provinces are expected to prepare their respective Provincial CRGG Strategies. Through this pilot activity, the Provincial CRGG Strategies will be aligned with the Provincial Long-Term Visions, thus ensuring that the former are formulated with long-term intentions. At the same time, the results of the CRGG exercises will potentially enhance the “green growth” aspect of the Provincial Long-Term Visions. Based on the result of this pilot activity the National Guidelines for Mainstreaming Green Growth and Localizing the Long-Term Vision will be revisited and updated. A National Roll-Out Strategy will also be developed to facilitate the implementation of the guidelines in other provinces. As NEDA is mandated to lead the formulation of the country’s commitments to the Sustainable Development Goals (SDGs), these

guidelines are expected to provide a common platform to operationalize green growth concepts together with the related SDG targets.

Parallel to this, GGGI is engaging the private sector through an upcoming partnership with the Department of Trade and Industry (DTI). GGGI will support DTI in the preparation of a business case for “greening” the operations of MSMEs in the country. The business case will focus on the food manufacturing sector, which is one of the primary economic drivers of the national economy. The business case will provide empirical and analytical evidence for the costs and benefits of introducing green practices in MSME operations, and serve as a reference for DTI in its national advocacies and policies toward a green business environment.

These planned partnerships with NEDA and DTI complement ongoing interventions at the local level, and are entry points for: (1) the horizontal coordination of policies across the concerned NGAs; (2) the vertical integration of programs between NGAs and LGUs; (3) mainstreaming GGGI’s initiatives; and (4) making national level impacts.





5. Country Planning Framework Analysis

The formulation of the CPF involved the examination of key issues affecting the ability of government to pursue inclusive growth and respond to the challenges of climate change as discussed extensively in reports from concerned government agencies and development partners. Review of the government's priorities and GGGI's strategic directions was undertaken to explore the potential for alignment and complementarity between in-country priorities and corporate global directions thrusts. Primary inputs, gained from dialogues between GGGI and stakeholders, such as concerned national and local government institutions, academia, civil society organizations, development partners and private sector representatives, were considered. The activities of development partners in the area of economic growth and climate change were mapped to maximize the complementarity and synergy with forthcoming GGGI's initiatives. Additionally, lessons from the implementation of the Demonstration of Ecotown Framework Project (Phase 1) were revisited to inform prospective interventions in this build up to the provincial scale.

5.1 Convergent Objectives of Inclusive Growth and Climate Resilience

The paths to inclusive growth and climate resilience are intertwined. Economic development, which is among the preconditions to inclusive growth, cannot be sustained without developing the institutional ability of the country to address the impacts of climate change. As noted in recent natural calamities that have affected the country, economic gains are easily negated by loss of capital assets, reductions in productivity, and damages to properties and lives, which have lasting effects on the income of the people.³¹ The impacts of such calamities are significantly greater among the marginalized and poor members of society as profoundly exhibited when Typhoon Haiyan struck the Philippines in 2013 and ravaged 11 of the poorest provinces of the country. It hit the Eastern Visayas region, which has one of the highest poverty incidences at 45%, affecting around 6 million

workers, of which about 2.6 million are considered vulnerable. The impacts of this calamity aggravated the condition of the poor households in these areas as the lack of savings and absence of any social insurance hampered their ability to restore their livelihood and recover from the calamity.

Promoting inclusive growth enhances the climate resilience of communities. Additional employment opportunities for poor households lead to improved income levels, which in turn allow them to save, prepare for the impacts of disasters, and recover relatively quicker and better. In the long term, increased income will allow poor households to allocate funds for the education of their children and help them break away from the cycle of poverty.

Given their mutually reinforcing relationship, there is a common tendency to adopt the straightforward view that initiatives supporting inclusive growth will automatically contribute to climate resilience, and vice versa. For instance, introducing alternative livelihood for households, whose incomes are sourced primarily from climate vulnerable sectors (e.g., fishing and farming), will reduce their vulnerability to climate change. However, pursuing both objectives at a national scale require more deliberate government action given greater complexities and challenges.

5.2 Challenges to Inclusive Growth and Climate Resilience

The government is determined to pursue its twin objectives of promoting inclusive growth and improving climate resilience as manifested in vital policies and programs that have been initiated since the passage of the *Climate Change Act* in 2009. However, a number of fundamental issues continue to impede the implementation of these initiatives as noted in the assessment studies conducted by the government and development partners involved in the areas of climate change and growth.

31 World Bank, "Philippine Economic Update: Pursuing Inclusive Growth through Sustainable Reconstruction and Job Creation," March 2014, <http://www.worldbank.org/content/dam/Worldbank/document/EAP/Philippines/Philippine%20Economic%20Update%20March%202014.pdf>.

The CPF identifies four key challenges where GGGI's support in the medium term could add value and contribute to promoting inclusive growth and improving climate resilience. They are related to:

1. Coordination in local development planning;
2. Technical and financial capacities of LGUs;
3. LGU's access to climate financing;
4. Institutional fragmentation.

5.2.1 Coordination in Local Development Planning

The lack of coordination in local development planning and the tendency to approach planning individually reduces opportunities for LGUs to plan as a cluster, pool limited resources, and pursue shared initiatives to address development and climate change comprehensively.

Local governments are mandated to prepare their respective local development plan, such as the CLUP and CDP for municipalities and cities, and the Provincial Development and Physical Framework Plan for provinces. These plans serve as the basis for the identification of priority local initiatives, expenditure programming, budget appropriation and project implementation.

However, even when the province, municipalities and cities occupy a common spatial territory, there is limited coordination in plan preparation resulting in the weak alignment in the economic development priorities of these LGUs. This practice also impacts on the ability of local governments to effectively respond to climate change, such as in the preparation of the LCCAPs. Although practical sense dictates the need for LGUs to prepare their respective LCCAPs in coordination with one another, given that the effects of climate change are wide and not confined to political boundaries, this exercise is nonetheless undertaken on an individual basis.

5.2.2 Technical and Financial Capacities of LGUs

The LGUs that are at greatest risk to climate-related hazards are on average poorer.³² These are usually lower-income LGUs, particularly municipalities, which generally lack the human resource and technical capacity to prepare and mainstream climate change concerns in their local development plans, particularly the CLUP. Moreover, the planning and prioritization tools developed by concerned NGAs are often too technical and complex for LGUs. In some cases, these LGUs outsource the preparation of these plans, which means the planning exercise becomes consultant driven, thus reducing the sense of ownership by the LGU personnel and allowing little room for technology transfer. As a priority area under the NCCAP, knowledge and capacity development activities need to be intensified. However, a review of the 2013 national government budget indicates that capacity building is an area that remains underfunded.³³

At the same time, these poorer LGUs have limited financial resources to fund and implement catalytic projects to spur local development or support climate change adaptation. The average annual income of municipalities belonging to the 4th–6th income classes range from less than USD 375,000 to USD 850,000, which is barely enough to cover the general administrative costs of LGUs and infrastructure projects. Although credit funding from government financing institutions is a possible recourse, inadequate borrowing capacities and lack of ability to comply with loan processing requirements effectively screen out these LGUs from securing commercial debt.

5.2.3 LGU's Access to Climate Financing

Between 2008 and 2012, government climate appropriations increased by 2.5 times from USD 300 million to USD 875 million, or 1.9% of the national budget, but this was mainly for a few major programs of the NGAs.³⁴

A critical challenge lies in the ability of LGUs to access attractive and sustainable financing for climate-related investments, considering their critical role

³² World Bank, *Getting a Grip on Climate Change in the Philippines: Executive Report* (Washington D.C., 2013), 15, <http://www.worldbank.org/content/dam/Worldbank/document/EAP/Philippines/Final%20ExReport.pdf>.

³³ Ibid.

³⁴ Ibid.

in pursuing economic growth and climate resilience.

While funding facilities, such as loans from government financing institutions, credit from NGAs and financing from official development assistance, are available to extend credit financing to LGUs, these operate mostly on commercial terms and support traditional development projects. The commercial orientation of these credit facilities create a bias for revenue generating projects, which allow LGUs to recover, partially or in full, the cost of investments. Securing funds from these facilities for adaptation projects is not a popular recourse for LGUs as they need to subsidize loan repayments and contend with market-based interest rates. These facilities are also less accessible to poorer LGUs because they have limited borrowing capacities and are less qualified for credit financing.

The PSF has been created in an attempt to increase LGU's access to funds for climate adaptation projects. The challenge is for CCC, as PSF Secretariat, to make this facility operational and ensure that the processing requirements do not exclude the poorer LGUs, which are in most need of financing support. For instance, the PSF could give priority to LGUs belonging to the 4th–6th income classes.

On the demand side, it is necessary to provide matching support to LGUs in terms of project identification and development, and in complying with the processing requirements of the PSF and other similar climate financing facilities, given that poorer LGUs generally require additional assistance to satisfy these technical conditions. The PSF Board, Chaired by the Department of Finance, approved in September 2015 the technical requirements to initiate the PSF call for proposals from LGUs and communities in the coming months.

5.2.4 Institutional Fragmentation

Improving coordination among concerned institutions and harmonizing related policies to address the impacts of climate change are part of the rationale for the creation of CCC as the lead policy and coordinating body for climate change-related issues.

Despite gradual improvements since the *Climate Change Act* was passed in 2009, the fragmentation of institutions and policies remains a critical concern. There is no clear organizational model within concerned NGAs to deliver climate-related programs, while overlapping functions are

evident among agencies that have joint responsibilities for climate-related tasks. The CCC and the National Disaster Risk Reduction and Management Council have signed a Memorandum of Understanding to define their respective roles and collaborate in supporting LGUs in the preparation of Local Disaster Risk Reduction and Management Plan but this collaboration has not fully materialized in practice yet.

The effectiveness of CCC is challenged, on the one hand, by its limited local presence and capacity to engage and support LGUs, and on the other hand, by its limited decision-making power to influence the NGAs. Even though CCC provides secretariat support to the Cabinet Cluster on Climate Change, it has limited decision-making power, and this has slowed down the integration of the NCCAP at the highest level of government.³⁵ The broad mandate and many responsibilities of CCC have also affected its ability to advocate effectively for immediate action on climate change.

The NCCAP and the PDP are partially aligned since the latter was approved earlier. Moreover, the thematic priorities of the NCCAP cut across the sector-based focus of the PDP, thus it makes the alignment of outcomes and activities difficult. These national plans refer to key principles, such as inclusive growth, green growth, low-carbon development, climate-smart investments and public-private collaboration, among others. However, the challenge lies in implementing measures, which could include regulation mechanisms, incentive schemes, business cases and replication models, to help realize these broad aspirations.

³⁵ Ibid., 13.



6. Strategic Response

6.1 Scale Up and Institutionalization

GGGI's in-country assistance will continue to build on the gains and lessons of previous initiatives to take advantage and update tested implementation models to benefit a larger number of LGUs.

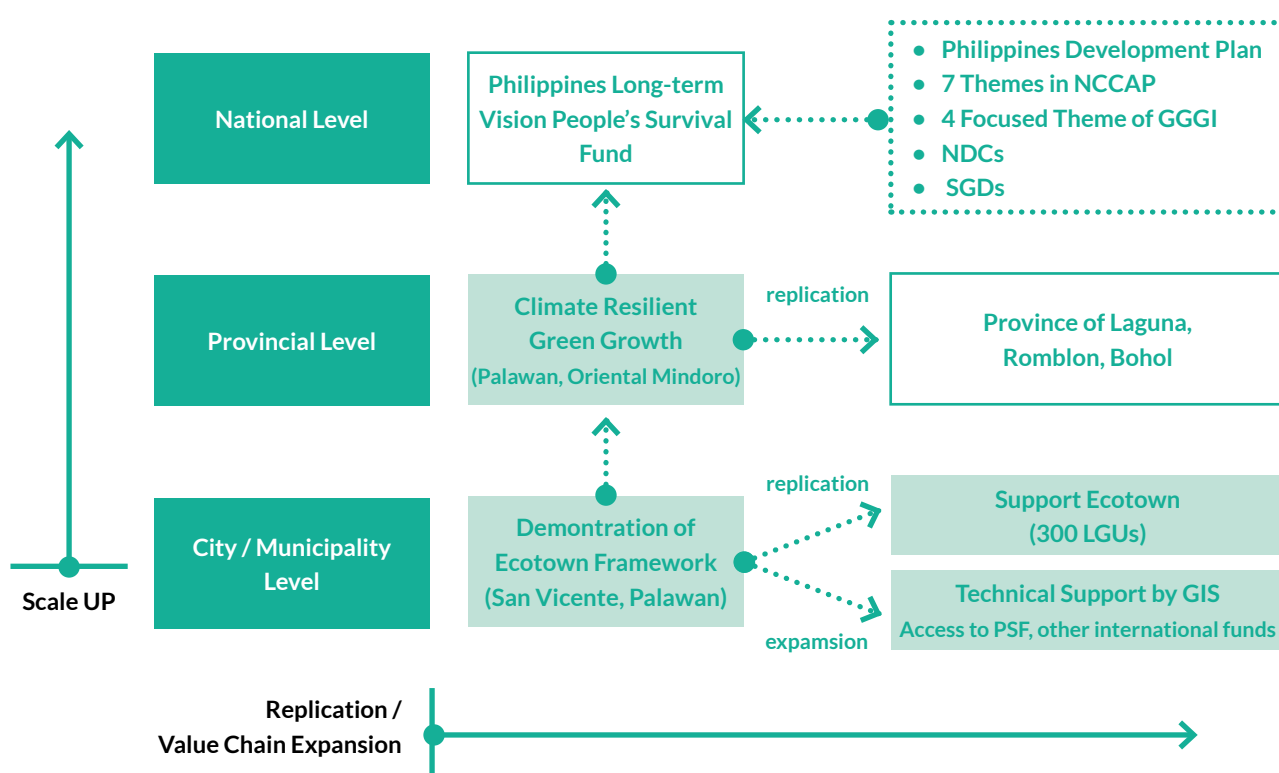
For instance, the “Ecotown Approach” will continue to be replicated across similar types of LGUs (i.e., at the municipality and provincial levels), while options for scaling up (i.e., municipality to provincial level; and provincial to regional and national levels) will be pursued. Variations, such as a possible “Urban Ecotown Approach” will also be examined to support Philippine cities and maximize synergy with the GGGI “Green City Development” thematic priority.

Provincial replication will initially focus on three additional provinces, namely Laguna, Romblon

and Bohol. These provinces were initially covered by the Scoping Study for the Ecotown Scale-Up Project but were excluded due to budget limitations. Simultaneously, municipal replication will be pursued through the 300 municipalities that will be trained on the “Ecotown Approach” under the GGGI-CCC capacity development program.

Additionally, GGGI will support the government in mainstreaming green growth at the national level to promote and operationalize the Long-Term Vision and facilitate its implementation at the local level. This initiative will benefit from GGGI's initial activities, interventions and projects in the country, as well as its global experience in supporting member countries develop national green growth directions. Figure 1 depicts the overall picture of GGGI's scale-up and institutional model for the Philippines.

Figure 1. The scale-up and institutionalization model for the Philippines



6.2 Alignment with Government Priorities

The priorities of the government toward achieving inclusive growth and climate resilience, and the strategic directions of GGGI, as outlined in the *GGGI Strategic Plan 2015-2020*, are broadly aligned.

The “green growth” concept, defined by GGGI as: “inclusive and equitable; emphasizes economic growth as a driver of welfare improvements and poverty reduction; recognizes the value of natural capital; and improves resilience”, embodies the same principles of inclusive growth and climate resilience articulated in the PDP and NCCAP.

Under the leadership of CCC, the government is presently formulating its Intended Nationally Determined Contribution (INDC) for submission to the United Nations Framework Convention on Climate Change, which prescribes the nation’s commitment to climate actions.³⁶ GGGI’s initiatives will support government programs to achieve inclusive growth and climate resilience, and meet commitments under its INDC.

The alignment between GGGI’s actions and the government’s priorities is broadly outlined in the Memorandum of Understanding entered into between GGGI and CCC, as representative of the Government of the Philippines, on October 25, 2011.

6.3 Delivery Model and Engagement Approaches

GGGI will employ a “One GGGI” delivery model. This implies that initiatives will be designed and implemented with the involvement of the concerned GGGI units to support the delivery of the planned activities, targeted outputs and expected outcomes, and ensure maximum utilization of GGGI’s technical capacity.

The design and implementation of initiatives will be guided by the following approaches:

- **Partnership and ownership – GGGI’s initiatives will be undertaken together with the government in a manner that develops partnership and instills ownership.** Government leadership will be promoted in GGGI-supported activities to ensure country

ownership of their outputs and outcomes. To support the principles of partnership and ownership, the government will provide counterpart and in-kind contributions to complement GGGI’s resources. For instance, CCC has allocated in-kind counterpart to support the ongoing Ecotown Scale-Up Project. It includes the provision of office space and utilities for the Project Management Unit, and the designation of CCC personnel who will be GGGI’s partners in project implementation. Similarly, the provincial governments of Palawan and Oriental Mindoro will provide contributions in terms of office space and utilities for the Provincial Project Office, as well as counterpart personnel for the Provincial Project Teams. From 2015 to 2016, CCC and GGGI will train academic trainers and 300 municipalities in the “Ecotown Approach” and under this partnership GGGI’s resources complement the government budget of USD 0.87 million (PHP 39 million) for 2015, with an expected budget of similar amount in 2016.

- **In pursuance of concrete results – As GGGI’s initiatives are primarily technical assistance in nature, it is critical to demonstrate how they lead to tangible results that will enhance the climate resilience and economic conditions of project beneficiaries.** Forthcoming GGGI interventions will be designed to ensure that the technical assistance provided leads to the implementation of bankable projects. While GGGI’s support does not cover infrastructure financing, these could be designed to facilitate access to development financing through strategic partnerships with relevant institutions, hence establishing the important link between technical assistance and project implementation, and magnifying the value of GGGI’s support. Scientific and technical analyses, as embodied in the “Ecotown Approach”, will be employed to facilitate the objective identification of bankable projects in participating LGUs. This is to ensure that interventions appropriately and adequately address the climate vulnerability and economic growth requirements of the LGUs, and that the selection of projects is driven by constituent needs rather than political influence. As the process is largely demand driven, the types of project could be varied, depending on the needs of the locality, but with the common objective of improving the lives of people by reducing susceptibility to climate change impacts and spurring economic growth.

³⁶ World Resource Institute, “What is an INDC?” <http://www.wri.org/indc-definition>.

- Knowledge and capacity development – Developing knowledge and the capacity of partner institutions and project beneficiaries will be intrinsic to all GGGI initiatives as a strategy to embed and sustain lessons from interventions.** This is critical given that technical capacity limitation, especially among LGUs, is considered a primary development challenge. Related to this, options for mainstreaming GGGI's knowledge products in institutions, such as academic institutions and government training agencies, will be pursued to facilitate dissemination and even enhancements to respond to the needs of various knowledge consumers. In-country knowledge development activities will be designed such that these lead to the formation of a "local knowledge pool", comprising of selected representatives from stakeholders that have benefited from GGGI-funded capacity development activities, which the government can mobilize for knowledge sharing with other LGUs. At the same time, the pool of experts can serve as a resource that GGGI can tap to participate in the "GGGI South-South Knowledge Exchange Program" and enrich the learning and dialogue with its member countries.
- Convergence and leverage – GGGI has initiated coordination with other development organizations to understand lessons from relevant initiatives and explore areas of collaboration to maximize use of resources and expertise.** Under the leadership of CCC, GGGI worked with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and the United States Agency for International Development in the implementation of various Ecotown components in four municipalities of Siargao Islands. GGGI is presently coordinating with the GIZ-led "Promotion of Green Economic Development Project", implemented with DTI, to design a potential project with DTI to develop the business case for "greening" the business operations of MSMEs. GGGI continuously seeks opportunities for coordination with development partners through its participation in the Philippine Development Forum, which is the primary mechanism of the government for facilitating substantive policy dialogue among stakeholders on the country's development agenda.

GGGI had an initial discussion with the Cities Development Initiative for Asia to explore partnership in the country through the Ecotown Scale-Up Project in Palawan and Oriental Mindoro, particularly in the preparation of pre-feasibility studies for investments. The proposed

partnership aims to support the transformation of plans and project ideas into concrete and bankable interventions. Moreover, potential cooperation opportunities in the area of green city development are being discussed with other GGGI member countries in the Asian region.

Other development partners that the GGGI country team had preliminary discussions with included ADB, Agence Française de Développement, Australian Aid, Japan International Cooperation Agency, Korea International Cooperation Agency, UN-Habitat, United Nations Development Programme, World Bank, and embassies of Denmark and the Republic of Korea. The areas discussed and considered for possible cooperation included climate change adaptation and mitigation initiatives, disaster risk management, environmental management, coastal ecosystem and marine conservation, solid waste management and renewable energy. With UN-Habitat, there were a series of discussion on the urban Ecotown project cooperation.

6.4 Strategic Outcomes

GGGI's overarching goal in the Philippines is to support the enhancement of climate resilience and the achievement of green growth in the country.

GGGI's strategic outcomes embodied in this CPF aim to contribute to the development priorities of the government and GGGI, and to the ongoing efforts of the government to improve its climate resilience and economic performance. The strategic outcomes also intend to contribute to the achievement of the SDGs and respond to the commitments of the Philippine INDC.

The focus on local governments is retained, which is a key entry point for GGGI's interventions given the decentralized governance structure of the Philippines. The term "participating LGUs" refers to provinces, municipalities and cities that will be participating in GGGI's projects from 2015 to 2019. Initially, these cover the two provinces of Palawan and Oriental Mindoro under the Ecotown Scale-Up Project.

It is important to note that while forthcoming initiatives have a local government focus, related support for national government concerns, in the areas of institutional and policy reforms, and capacity development, will also be provided.

In response to the challenges described in Section 5, the following strategic outcomes serve as a guide for GGGI's initiatives in the Philippines during 2016-2020:

- Outcome 1 – Climate resilient green growth strategies that promote climate resilience, inclusive growth and poverty alleviation accepted, adopted and implemented in participating local government units.
- Outcome 2 – Access to financing for bankable climate resilient green growth investments improved.
- Outcome 3 – Institutional capacity to implement the climate resilient green growth planning approach improved.
- Outcome 4 – Green growth priorities and sustainable development goals integrated in long-term national and local development strategies and projects.

6.4.1 Outcome 1: Climate Resilient Green Growth Strategies that Promote Climate Resilience, Inclusive Growth and Poverty Alleviation Accepted, Adopted and Implemented in Participating Local Government Units

Under the Ecotown Scale-Up Project, GGGI will support the implementation of CRGG planning at the provincial level, initially in two provinces and subsequently in three more. The provincial entry point is meant to achieve broader spatial coverage, economies of scale and greater influence given the administrative supervision of provinces over their component cities and municipalities. The project will have “integrative features” to address the issue of limited coordination in local development planning among LGUs, and ensure that the concerns of constituent municipalities and cities are captured in the formulation of Provincial CRGG Strategies. GGGI envisions the sustained implementation of the CRGG planning approach in additional participating LGUs (i.e., provinces, municipalities and cities) in partnership with CCC.

To realize this outcome, GGGI seeks to pursue the following broad outputs:

- **Indicative Output 1.1 – CRGG analytical methodology with an equal focus on climate resilience, green growth and social/poverty dynamics developed and approved.** GGGI will support the development of the CRGG planning

methodology as a scientific, analytical and participatory tool to help LGUs prepare local development plans that address both climate change issues and promote local economic development.

- **Indicative Output 1.2 – CRGG strategies that promote climate resilience, inclusive green growth and poverty alleviation developed and submitted.** Using the CRGG analytical methodology, GGGI will help participating LGUs formulate CRGG strategies that promote economic growth, job creation, poverty reduction, social inclusion, environmental sustainability, resource security and climate resilience. The CRGG strategies will include, among others, the prioritization of bankable investments that will contribute to climate resilience and economic growth, as well as policy reforms to support these. Even though the strategy formulation process is undertaken at the LGU level, this is expected to have both an internal and external lens to ensure that LGU issues are examined in relation to the broader context of regional and national development. Hence, the CRGG strategies are expected have local and national orientation.
- **Indicative Output 1.3 – CRGG replication and scale-up plan implemented.** Based on the result of the Ecotown Scale-Up Project, GGGI will work with CCC in developing a “National Replication and Scale-Up Plan” to guide the roll out of the CRGG planning approach in more LGUs. This plan is envisioned to present a customized CRGG planning approach for various types of LGUs (i.e., depending on level of economies, urbanization, physical make-up) to ensure responsiveness to different LGUs in formulating their respective CRGG strategies. Replication and scale up will also consider various modalities, such as implementation across municipalities, cities and provinces, and scale up from the province to the regions.

6.4.2 Outcome 2: Access to Financing for Bankable Climate Resilient Green Growth Investments Improved

Translating the NCCAP priorities into local level interventions is impeded by “demand and supply mismatch in climate financing”. LGUs, particularly the poor, have inherent capacity limitations to meet the eligibility and processing requirements of financing facilities. On the supply side, public and private funding opportunities tend to adopt processing standards and financing terms for regular projects rather than develop

distinct guidelines for climate change-oriented projects that have very limited financial returns and require urgent implementation. While the government seeks to address this with the establishment of the PSF, which provides long-term and concessional financing for climate adaptation projects, LGUs with limited technical capacities have encountered challenges in complying with the requirements of the PSF facility.

Considering these, GGGI's initiatives will be designed to enhance the capacity of concerned NGAs to operate national climate financing instruments and leverage these for potential international funding commitments. At the same time, GGGI will work with LGUs to support their ability to identify and generate project proposals that could qualify for climate financing.

To realize this outcome, GGGI seeks to pursue the following broad outputs:

- **Indicative Output 2.1 – People's Survival Fund operations supported.** GGGI will provide technical assistance to support the operations of the PSF. This will include advisory services to enhance the PSF operational guidelines and develop streamlined and simplified technical criteria to allow even the less technically capable LGUs to understand, utilize and comply with these. The assistance will include the conduct of a rapid assessment to evaluate the performance of the PSF in the first six months of its pilot operation and determine areas where enhancements could be introduced. Based on this assessment the required improvements to support PSF operations, such as tools and templates on project prequalification, development, monitoring and evaluation, among others, will be developed. Lessons from similar GGGI initiatives, such as the establishment and operationalization of Ethiopia's Climate Resilient Green Economy Facility will be considered to take advantage of experience already gained, and facilitate knowledge sharing among GGGI's member countries.
- **Indicative Output 2.2 – Financing proposals for priority CRGG investments, which simultaneously target economic growth, environmental sustainability and poverty reduction, developed.** GGGI will assist selected LGUs in preparing project studies and financing proposals for priority CRGG investments, to be submitted to the PSF or other funding institutions from the public and private sectors. GGGI's assistance will extend to facilitate

investment matching to ensure that viable CRGG proposals are able to secure funding commitments. Related to this, GGGI is currently scoping a planned technical assistance to help the Municipality of San Vicente prepare project proposals for strategic projects on: (1) coral reef rehabilitation; (2) post-harvest facilities for agriculture; (3) water supply system for island communities; and (4) renewable energy for communities. Opportunities to support regional and national projects that address broader issues (i.e., efficient urban transport, cleaner energy, green investments, etc.) will also be pursued in line with the CPF direction to expand GGGI's partnership with other NGAs such as DTI and NEDA, among others.

- **Indicative Output 2.3 – Mechanisms to improve climate funding proposed.** To enhance the environment for climate financing, GGGI will support policy work and institutional partnerships in areas that could potentially include: (1) leveraging the PSF to mobilize and access incremental climate funding commitments from the government, official development assistance (i.e., development partners, Green Climate Fund, etc.) and private sector; (2) designing a "Climate Change Financing Framework" to rationalize the focus, terms and complementarity among domestic and funding windows; and (3) establishing a sustainable project development assistance mechanism (e.g., revolving fund for project development and monitoring) to help LGUs prepare climate change-oriented project proposals that integrate environmental and social safeguards aspects, and monitoring and evaluation standards. Presently, GGGI is coordinating with CCC, the Designated National Authority for the Green Climate Fund, for a possible technical assistance to help CCC identify suitable National Implementing Entities to be accredited by the Green Climate Fund for funding support.

6.4.3 Outcome 3: Institutional Capacity to Implement the Climate Resilient Green Growth Planning Approach Improved

The NCCAP has identified "knowledge and capacity development" as a strategic priority because institutional and capacity constraints have significantly hampered the design, implementation and sustainability of government programs. The limited technical know-how of most poor LGUs limits their ability to understand their level of vulnerability and identify appropriate measures to minimize their vulnerability. If at all, local projects are selected with scarce analyses and

rigor, hence compromising viability. At the same time, weak institutional coordination among concerned NGAs continue to affect the effectiveness of public programs.

Given these challenges, GGGI will continue working with the concerned government oversight agencies, such as CCC, NEDA, the Department of Finance, and the Department of the Interior and Local Government, to design and implement green growth initiatives that will enhance current policies, improve institutional arrangements and promote capacity development. Prospective projects will be developed and undertaken in a manner that facilitates knowledge transfer for participating LGUs, selected NGAs and stakeholders, to develop capacities and ensure that project lessons and recommendations are embedded institutionally. Opportunities for mainstreaming these interventions in regular government programs will be explored to encourage sustainability and ownership.

To realize this outcome, GGGI seeks to pursue the following broad outputs:

- **Indicative Output 3.1 – Improved institutional and policy coordination for CRGG planning supported.**
GGGI will provide technical assistance for the conduct of policy reviews, rapid analytical studies and responsive advisory services to help government examine and respond to the issue of institutional fragmentation among concerned agencies and across relevant policies in the areas of climate resilience and inclusive growth. GGGI will maximize the role of the National Project Advisory Committee, established under the Ecotown Scale-Up Project, as the mechanism for continuing coordination, as well as for technical and policy discussions, among the concerned government agencies, civil society and the private sector.
- **Indicative Output 3.2 – Capacity development activities for broad set of stakeholders delivered.**
GGGI will extend assistance to develop the knowledge and technical capacity of LGUs, NGAs and other concerned stakeholders in areas relevant to the implementation of the CRGG planning approach. GGGI's support will include development of mandatory and demand-driven training modules, and various modalities for delivery such as direct training provision (i.e., classroom and onsite mentoring), south-south knowledge exchange, and cross posting between LGUs, among others. The establishment of communities of practice and partnership with academic institutions in

participating LGUs will be pursued to sustain and institutionalize knowledge management and delivery beyond the timing of GGGI's interventions.

- **Indicative Output 3.3 – Multi-stakeholder CRGG engagement platforms established and operational.**
Broad-based participation of stakeholders will be promoted to facilitate inclusion and active engagement of relevant sectors, particularly organizations representing women and marginalized populations, in GGGI's initiatives. GGGI will support the establishment of Stakeholder Consultative Groups in all participating LGUs to ensure that the insights and concerns of stakeholders are considered in the implementation of project activities, analysis of project findings and formulation of project recommendations. The consultative groups are also designed to bridge the gap and address the limited coordination among government, civil society and the private sector.

6.4.4 Outcome 4: Green Growth Priorities and Sustainable Development Goals Integrated in Long-Term National and Local Development Strategies and Projects

NEDA as the lead socio-economic planning agency of the country, is embarking on a far-reaching and lasting initiative to formulate the Long-Term Vision. However, given the decentralized governance structure of the country, the achievement of this national vision requires the engagement and support of stakeholders at the local level. GGGI will support NEDA in developing the National Guidelines for Mainstreaming Green Growth and Localizing the Long-Term Vision to enable LGUs to formulate their respective long-term visions that align with the national level vision and incorporates local level aspirations. This initiative is seen as an effective vehicle for a more institutional and sustainable engagement with the government considering that the Long-Term Vision will frame the formulation of related national and local level plans, providing a common platform to operationalize and integrate green growth concepts together with the related SDG targets.

To realize this outcome, GGGI seeks to pursue the following broad outputs:

- **Indicative Output 4.1 – National Guidelines for Mainstreaming Green Growth and Localizing**

the Long-Term Vision developed and piloted in provinces of Palawan and Oriental Mindoro. The national guidelines that will be developed include methodologies, tools and performance indicators for mainstreaming green growth and the SDGs. It will support the government to operationalize the Long-Term Vision and help LGUs formulate their respective local long-term visions. These local long-term visions will inform the preparation of short- and medium-term plans, as well as the identification and implementation of local projects that will contribute to the national vision.

- **Indicative Output 4.2 – Provincial Long-Term Visions developed for Palawan and Oriental Mindoro.** The national guidelines will be piloted and tested in the provinces of Palawan and Oriental Mindoro, the sites of the Ecotown Scale-Up Project, such that the provinces are able to develop their respective Provincial Long-Term Visions. This arrangement presents a clear advantage since GGGI, through the Ecotown Scale-Up Project, has already established support

from the concerned provincial governments, and therefore buy-in for this upcoming initiative will be relatively easy to mobilize. Concurrently, the planned initiative will also benefit the Ecotown Scale-Up Project as its results and outputs could contribute to the institutionalization and realization of the visions.

- **Indicative Output 4.3 – National Roll-Out Strategy to replicate the provincial implementation of the national guidelines developed.** Based on the result of the pilot run, the national guidelines will then be refined and a National Roll-Out Strategy will be developed to replicate the approach in other LGUs. This will be undertaken through a series of activities to capture the general aspirations of constituents, such as provincial surveys and consultations, visioning exercises and focus group discussions, among others.

GGGI's strategic outcomes and outputs are mapped in Table 3 to illustrate how these are aligned with the NCCAP, PDP and Long-Term Vision strategic priorities, and the GGGI thematic priorities and value chain.



Table 3. Alignment with the GGGI strategic areas, the Long-Term Vision and the NCCAP

CPF Strategic Response			Long-Term Vision / Philippines Development Plan Strategic Directions	NCCAP Strategic Priorities	GGGI Thematic Priority	GGGI Value Chain
Impact : Climate resilience enhanced and green growth achieved in the country						
Strategic Outcomes	Indicative Outputs					
1	Climate resilient green growth strategies that promote climate resilience, inclusive growth, and poverty alleviation accepted, adopted and implemented in participating local government units	1.1 CRGG analytical methodology with an equal focus on climate resilience, green growth and social/poverty dynamics developed and approved	<ul style="list-style-type: none">Climate change adaptationEconomic development	<ul style="list-style-type: none">Human securityEcological and environmental stabilityFood securityWater sufficiencyClimate friendly industries and servicesKnowledge and capacity development	<ul style="list-style-type: none">Green CitiesCross-cutting	<ul style="list-style-type: none">DiagnosisGreen impact assessmentSector/Sub-sector strategy and planning (i.e., analysis of costs and sector investments; development of sectoral investment plans and selection)
		1.2 CRGG strategies that promote climate resilience, inclusive green growth and poverty alleviation developed and submitted				
		1.3 CRGG replication and scale-up plan implemented				
2	Access to financing for bankable climate resilient green growth investments improved	2.1 People's Survival Fund operations supported	<ul style="list-style-type: none">Good governance and anti-corruptionEconomic developmentHuman development and poverty reduction	<ul style="list-style-type: none">Ecological and environmental stabilityFood securityWater sufficiencySustainable energy	<ul style="list-style-type: none">Land UseEnergyWater	<ul style="list-style-type: none">Design, financing and implementation
		2.2 Financing proposals for priority CRGG investments, which simultaneously target economic growth, environmental sustainability and poverty reduction, developed				
		2.3 Mechanisms to improve climate funding proposed				
3	Institutional capacity to implement climate resilient green growth planning approach improved	3.1 Improved institutional and policy coordination for CRGG planning supported	<ul style="list-style-type: none">Human development and poverty reduction	<ul style="list-style-type: none">Knowledge and capacity developmentClimate friendly industries and services	<ul style="list-style-type: none">Green CitiesCross-cutting	<ul style="list-style-type: none">Sector/Sub-sector strategy and planning (i.e., policy and institutions analysis)Design, financing and implementation (i.e., policy preparation)
		3.2 Capacity development activities for broad set of stakeholders delivered				
		3.3 Multi-stakeholder CRGG engagement platforms established and operational				
4	Green growth priorities and sustainable development goals integrated in long-term national and local development strategies and projects	4.1 National Guidelines for Mainstreaming Green Growth and Localizing the Long-Term Vision developed and piloted in provinces of Palawan and Oriental Mindoro	<ul style="list-style-type: none">Inclusive growthGood governance and anti-corruptionEconomic developmentHuman development and poverty reductionClimate change adaptation and mitigation		<ul style="list-style-type: none">Cross-cutting	<ul style="list-style-type: none">DiagnosisSector/Sub-sector strategy and planning (i.e., policy analysis, integrating green growth concepts)Green impact assessment
		4.2 Provincial Long-Term Visions developed for Palawan and Oriental Mindoro				
		4.3 National Roll-Out Strategy to replicate the provincial implementation of the national guidelines developed				

6.5 Alignment with the SDGs

GGGI will leverage resources under the CPF to help orient green growth toward progress in attaining the SDGs. The four strategic outcomes outlined above are aligned with SDG8 (Decent Work and Economic Growth), SDG11 (Sustainable Cities and Communities) and SDG13 (Climate Action).

6.5.1 Contribution to SDG8

Outcome 2, which aims to enhance access to financing for priority climate resilient and green growth investments, will support LGUs in preparing investment proposals and strengthen the institutional environment to mobilize relevant financing opportunities such as the PSF and other domestic and international funding sources. It is envisioned to improve climate adaptation and spur development through the creation of economic opportunities that lead to additional employment and better income.

In particular, this outcome will address the following targets:

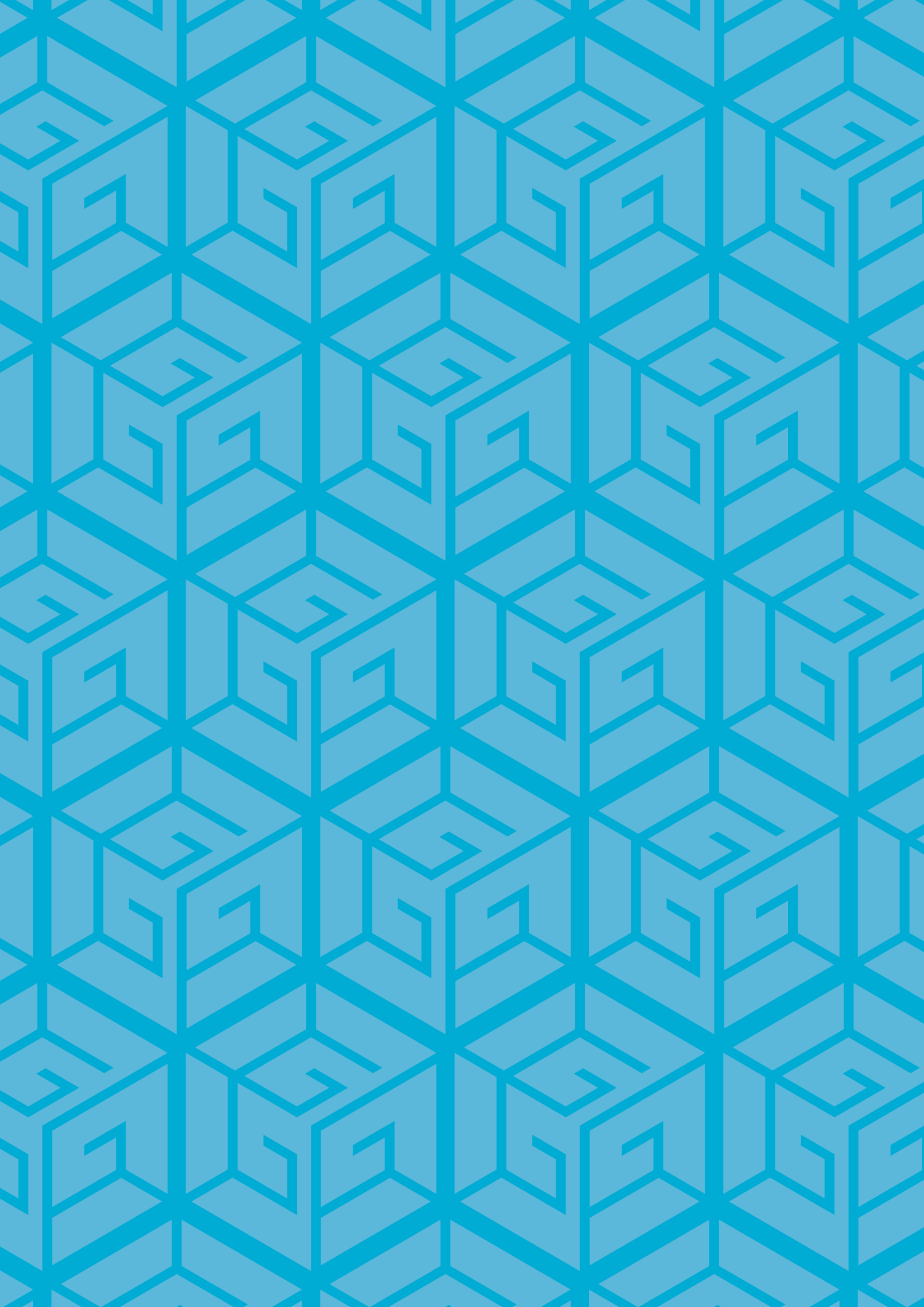
- Goal 8 (Decent Work and Economic Growth), Target 8.3 – Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, through access to financial services.
- Goal 8 (Decent Work and Economic Growth), Target 8.10 – Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.

6.5.2 Contribution to SDG11 and SDG13

Outcome 1 aims to integrate CRGG strategies in the local development plans of participating LGUs, and Outcome 3 aims to improve the capacities of concerned institutions, such as NGAs, LGUs and non-governmental organizations, to implement the CRGG planning approach.

In particular, these outcomes will address the following targets:

- Goal 11 (Sustainable Cities and Communities), Target 11.3 – Enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.
- Goal 13 (Climate Action), Target 13.1 – Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.
- Goal 13 (Climate Action), Target 13.2 – Integrate climate change measures into national policies, strategies and planning.





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