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Global Green Growth Institute

GGGI - Philippines Country Planning Framework 2016-2020

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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 considering the development challenges of the country and in support of the national priorities[1] of "inclusive growth" and "climate resilience" as embodied in the Philippine Development Plan for 2011 to 2016 and the National Climate Change Action Plan for 2011 to 2028. It also aligns itself with the organizational priorities of GGGI, specifically its thematic areas, value chain, and delivery model as articulated in the GGGI Strategic Plan for 2015 to 2020.

The CPF thus serves as a contextualized planning document that provides basis for in-country programming and design of prospective GGGI initiatives to ensure the delivery of results, achievement of envisioned outcomes, and facilitate sustained funding support. It also provides the platform for integrating the efforts of the GGGI Green Growth Planning and Implementation Division and Knowledge Solutions Division to support in-country initiatives.

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

[1] GGGI Strategic Plan 2015-2020

Country Overview

Physiography

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 subdivided into 17 regions. Manila City, located in the National Capital Region (NCR) is the capital of the country. The country is subdivided into 17 regions, namely, Regions I-XIII, the NCR or Metro Manila, Cordillera Administrative Region (CAR), and the Autonomous Region in Muslim Mindanao (ARMM). 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, meanwhile, starts 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.

Economic and Social Context

The Philippine economy has been growing at an average of 5.2% over the last 10 years. The Gross Domestic Product (GDP) in 2013 and 2014 posted a growth rate of 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.

Poverty. 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 (World Bank, 2013), poverty is a core challenge as poverty incidence has increased from 24.9% in 2003 to 26.5% in 2009[3] and 25.2% in 2012[4]. 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 (Indonesia and Vietnam Gini ratio is around 38-39). About 67% of the poor live in rural areas and the rural poverty incidence continues to be higher than the national average (32.9% in 2006). Urban poverty is also on the rise with a large portion of the urban population living barely above the poverty line and likely to slip back below it due to loss of employment, illness, natural disasters, or other factors affecting income levels.[5]

Employment. Economic growth has not translated into significantly higher employment with unemployment rates remaining relatively high. Between 1990 ~ 2005 unemployment averaged 10%, and since 2011 the unemployment rate has been flat at around 7%, reinforcing the "jobless growth" phenomenon. This is higher than that of other countries in the region including China, Malaysia and Thailand where unemployment persists at 4% or lower during the same period[6].

Gender and Development 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 2014 report of World Economy Forum (October 2014). 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[7]. 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 earn less than 60% of the annual earnings of their male counterparts. Despite gender-responsive initiatives, such as the Women's Empowerment, Development and

[2] MDG Fifth Progress Report, 2014, p.2

[3] ADB Philippines National Urban Assessment,2014 p36 http://www.adb.org/sites/default/files/publication/42817/philippines-national-urban-assessment.pdf

[4] (Source: Same as used in the table "At a Glance")

[5] ADB Philippines National Urban Assessment,2014 p37 http://www.adb.org/sites/default/files/publication/42817/philippines-national-urban-assessment.pdf

[6] Philippines Development Plan 2011 -2016 Chapter 1 p19

[7] UNDP-Philippines, MDGs: Promote Gender Equality and Empower Women (http://www.ph.undp.org/content/philippines/en/home/mdgoverview/overview/mdg3.html)

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 limited access to training, government services, credit, social protection, financial services. Women also face pervasive discrimination, including lack of social protection in most aspects of their employment and work. In this regard, the government faces the task of generating employment growth, reducing vulnerable employment, and improving decent work opportunities for both men and women[8].

Governance Context

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

Population Area (sq km)	98.39 million (WB, 2013) 300,000 (FAO, 2012)
GDP (current US$) GNI per capita, PPP (current international $) DAC classification	$272.1 billion (WB, 2013) Lower Middle Income (OECD)
Poverty headcount ratio at national poverty lines (% of population)	25.2 (WB, 2012)
CO2 emissions (metric tons per capita)	0.9 (WB, 2010)
Water productivity, total (constant 2005 US$ GDP per cubic meter of total freshwater withdrawal)	1.67 (WB, 2011)
Forest area (% of land area)	25.71 (WB, 2010)
Human Development Index	0.654 (UNDP, 2012)
World Risk Index (countries that are most at risk worldwide)	2 (out of 171 countries), (UNU-EHS, 2014)

[8] ADB Gender Equality in the Labor Market in the Philippines, 2013

Climate Change Context of the Country

In terms of human development the Philippines has demonstrated respectable performance as a medium-human development index country. According to the United Nations Human Development Report for 2014, the Philippines ranked 117th out of 187 countries[9]. On the other hand, the Philippines ranks 114th out of 178 countries relative to the Environmental Performance Index (EPI) report for 2014. The EPI[10] ranks the performance of countries in protection of human health from environmental harm and protection of ecosystems. However, the nation's progress in human and environmental development, 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 the 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 terms of global GHG emissions, and 112th in terms of emissions intensity, accounting for only 0.3 percent 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 CO_2 equivalent ($MtCO_2e$) since the late 1990s[11]. However, while it has minimal contributions to global climate change, the country ranks third globally as the most vulnerable to risks related with weather-related extreme events and sea level rise. 16 of the 81 provinces in the country are among the top 50 most vulnerable regions in Southeast Asia while storm surges are projected to affect about 14% of the total population and 42% of coastal population[12]. The annual direct damage cost of natural disasters over the period 1990 to 2008 varied between 0.7% and 1.0 % of GDP[13].

The Philippines has progressive laws relating with 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 the Climate Change Commission (CCC) assisted by the Climate Change Office, as the lead agency in the formulation of policies related to climate change. It also necessitated the creation of the National Strategy Framework on Climate Change (NSFCC), and the National Climate Change Action Plan (NCCAP). Both were completed in 2010 and 2011, respectively.

Ecological and Environmental Stability

The Philippine ecosystem has changed significantly and often regarded as a worst-case scenario of environmental degradation due mainly to large-scale conversion of forests and grasslands into croplands, settlements and mining areas, pollution of water bodies, and loss of mangrove and coral reefs[14]. 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 18 mega biodiversity countries and many of these species which depend on these forests, are endemic and unique to the Philippines[15]. Scientists estimate that only 6% to 8% of the country's primary forest remains; only 5% of the Philippine's coral reefs have 75% to 100% live coral cover; and 21% of 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 groundwater, rivers, lakes, and coastal areas. Polluting industrial material is also found in

[9] UNDP, Human Development Report 2014

[10] 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.

[11] Getting a Grip on Climate Change in the Philippines Executive Report, p.25

[12] World Risk Report, 2013, p. 9

[13] ADB, Philippines National Urban Assessment, 2014, p.38

[14] Philippine National Climate Change Action Plan, p.14

[15] WWF, http://wwf.panda.org/who_we_are/wwf_offices/philippines/environmental_problems__in_philippines

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 Nino events in 1997 to 1998 and suffered a 60% reduction in coral reef cover and has not recovered to date[16]. On a national scale, this coral bleaching event had decreased live coral cover by as much as 49%[17].

Human Security

The concept of **"human security"** in the context of the Philippine Development Plan, is defined 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[18]. Climate change impacts raises 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 US$900M and the Asian Development Bank (ADB) estimated that these events would have increased the national poverty incidence by 1.9 percentage points[19]. 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.

Food Security

The sustainable attainment of food security is anchored primarily on the agriculture sector, which accounts for one third of total national employment and contributes 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 US$280M. In 2009, Typhoon Haiyan (local name: Yolanda) rendered about 126,271 hectares of farmlands wasted with aggregate damages estimated at US$4.3B or 2.7% of the GDP for that year. The country has vast fishery resources, with over 2.2 million km^2 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 man-made activities has led to social impacts and economic losses estimated at US$420M annually. Mangroves have particularly suffered from coastal development, notably at the hands of the aquaculture industry, which has reduced mangrove stands to only 36% of 1900 levels[20]. 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.

Water Sufficiency

The country has abundant freshwater resources from rainfall, surface water, and ground water. The annual average rainfall is about 2,440 mm; dependable surface supply is estimated at 125.8B cubic meters; and ground water potential is about 20.2B cubic meters. However, due to geographic and seasonal variations, water availability has become time and site-specific[21]. 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 certainly impact on stream flow, dam operations, hydropower generation, depth and recharge of aquifers, water quality and watersheds, among others[22]. In turn, these are expected to negatively impact on food and human security hence requiring robust interventions in planning, regulation, implementation and monitoring of the sector.

[16] Philippine National Climate Change Action Plan, p.15
[17] Ibid.
[18] Philippine National Climate Change Action Plan, p.16
[19] NEDA, UNDP, Fifth Progress Report MDG, 2014, p. 9
[20] FAO, http://www.fao.org/fishery/facp/PHL/en#CountrySector-SectorSocioEco-Contribution
[21] Philippine National Climate Change Action Plan, p.11
[22] Ibid.

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Sustainable Energy

The Philippines is confronted with the formidable challenge of developing sustainable clean energy that will address the requirements of economic and social development 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 ($GgCO_2e$) 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 subsectors given the continuing dependence on imported coal for power and petroleum for transportation[23].

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 for 2012-2013 ranked the Philippines 87th in terms of road quality; 94th for railroads; 112th for airports; and 120th for ports[24]. The poor condition is further emphasized in the case of urban transport where road-based modalities are most dominant and contribute to the traffic congestion and increasing air pollution. Metro Manila is considered one of the most polluted cities in Asia and the World[25]. 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 $MtCO_2e/y$ in 2007 to 140 $MtCO_2e/y$ in 2030 while that from the transport sector will go from 37$MtCO_2e/y$ in 2007 to 87 $MtCO_2e/y$ in 2007. This energy and emission scenario is largely a product of economic growth and rapid urbanization.

Climate Smart Industries

The Philippines, as signatory to the Manila Declaration on Green Industry (2009), recognizes the need to pursue green growth to achieve sustainable economic growth.

[23] Philippine National Climate Change Action Plan, p.25
[24] Asian Development Bank, Philippine Transport Sector Assessment, Strategy and Roadmap, p. 6
[25] Philippine National Climate Change Action Plan, p.25

Relative 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 men and women in rural communities; and promoting climate resilient and sustainable cities and municipalities. Towards this, the NCCAP focuses on developing **"climate smart industries"** by encouraging businesses that 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 also aims for **"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 for the development of sustainable cities and municipalities or **"Ecotowns"**. An Ecotown is viewed as a Local Government Unit (LGU) that designed and operates in consideration of: a.) Environmental impacts and protection of ecosystems; b.) Efficient use of land, energy, water and food; c.) Minimizing waste outputs; and d.) Creating sustainable jobs. The cruxes, therefore of Ecotowns are the creation of the smallest possible ecological footprint, reduction of its overall contribution to climate change, and building resilient communities and ecosystems[26].

Knowledge and Capacity Development

The NCCAP underscores the need to develop knowledge and capacity is integral to 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 terms of **strategic knowledge development** the NCCAP highlights the need to access and maximize 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. While National Government Agencies (NGAs) and LGUs have been accumulating data, the gap lies in the absence of an effective mechanism that will allow centralized data consolidation, processing and analysis. Current information management practices have also been weak in disseminating relevant knowledge materials, which is clearly a challenge with a population that is widely dispersed in several regions.

In terms of **capacity development,** the findings of a Government study on institutional capacity for climate change adaptation noted there substantial human resource in the bureaucracy that can be tapped to deliver services related to climate change adaptation. However, at the same time, the said study noted the following needs: a.) For institutions to formulate their respective climate change adaptation policies; b.) For relevant, timely and accessible data and information; c.) To build knowledge and capacities of Government personnel. At the same time, while improving Government capacity, it is necessary to also build the capacity of communities particularly those that are inherently susceptible to natural disasters, and those that have already ben affected and in the process of rehabilitation and recovery. These people, which are mostly located in the poorer LGUs, are in general technically and financially weak hence requiring Government assistance to prepare for calamities, and support to help them "build-back-better" communities.

[26] Philippine National Climate Change Action Plan, p.20

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The Philippines' National Priorities

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"***. It is the overarching principle embodied in the **Philippine Development Plan - 2011 to 2016 (PDP),** which defines inclusive growth as *"high growth that is sustained, generates mass employment, and reduces poverty".* The PDP serves as the blueprint of the Government in formulating policies and implementing programs that will enable all Filipinos to benefit from economic development. The PDP aligns priority programs under 5 Key Result Areas (KRAs), 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, who is in charge of facilitating the formulation of the PDP is currently developing a long term vision for the Philippines and the Filipino people in the next 25 years to serve as basis for unity among Filipinos; guide the development planning across Government administrations; and harmonize development assistance in the country. Termed as ***"Filipino 2040"***, the said vision intends to help successive administrations remain focused on the country's long term goals while responding to short and medium term needs and conditions.

Economic development is considered one of the important pre-conditions to inclusive growth because it is necessary to secure the economic gains that are envisaged to trickle down the societal pyramid. From 2012 to 2013, the economy posted GDP growth rates of 6.5% and 7.5%, respectively, making the country one of the most promising economies in Asia. However, for 2014, the Philippine economy experienced a slowdown caused largely by declines in public sector expenditures although the economy remains in a respectably higher growth path[27].

The continuing challenge lies in being able to translate these economic gains into tangible improvements on the part of poor members of society. Underemployment remains significant particularly in the agriculture sector, where 48% of farmers and 41% of fishermen live below the poverty line, with an underemployment rate of 40%. Natural calamities, such as in the case of Typhoon Haiyan, impact negatively and directly on the poor given the absence of adequate coping mechanism to prepare and recover after such disasters. These calamities also affect economic growth as this dampens government spending in the case of affected public construction programs.

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 the **CCC** as the lead policymaking body of the government tasked to coordinate, monitor and evaluate the programs and action plans of the government relating to climate change.

In fulfilling its mandate, the CCC led the development of the **National Framework Strategy for Climate Change – 2010 to 2022 (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, the CCC spearheaded the formulation and approval of the **National Climate Change Action Plan - 2011 to 2028 (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*

[27] Philippine Socio-Economic Report for 2014

opportunities towards 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 Sustainability; 4.) Human Security; 5.) Climate Smart Industries and Services; 6.) Sustainable Energy; and 7.) Knowledge and Capacity Development.*

The NCCAP also 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".* Related to this, LGUs are henceforth required to prepare their respective Local Climate Change Action Plans (LCCAP). The NCCAP matrix is presented in Figure 1. Realizing the need to support the actual implementation of climate change adaptation interventions, the Government passed Republic Act No. 10174 to amend the Climate Change Act of 2009 and establish the **People's Survival Fund (PSF)** as a special fund for financing adaptation programs and projects based on the NFSCC. The PSF is provided with an annual appropriation of PHP1 Billion (US$25M) from the budget of the National Government and the CCC, as PSF Secretariat, is currently leading the preparatory work to operationalize the fund.

Figure 1.	**NCCAP Overview**						
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: National Climate Change Action Plan 2011-2028

GGGI Engagement in the Philippines

Completed Work

The work of GGGI in the Philippines commenced in partnership with the CCC through a **Memorandum of Understanding (MOU)** and Project Agreement entered into by both parties in 2011. Under these instruments, the GGGI and CCC 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 *Vulnerability Assessment (VA), Environment and Natural Resource Assessment (ENRA), 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 vulnerability and adaptation assessment and GIS mapping, and full implementation in the Municipality of San Vicente in the Province of Palawan.

Results Achieved

The **Municipality of San Vicente**, where the project was focused, is a town of approximately 30,000 people whose income is 60% dependent on farming and fishing. 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 threshold. 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, namely: *1.) Agriculture; 2.) Coastal and Marine; 3.) Forestry; and 4.) Health*, and identify the appropriate adaptation measures, 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 also engaged to verify the results of the assessments conducted by project-hired consultants. The results of these exercises were envisioned to help the municipality undertake the appropriate interventions, and inform the updating of its Comprehensive Land Use Plan (CLUP) and Comprehensive Development Plan (CDP).

Outcome

The findings and recommendations have been adopted through a Municipal Resolution issued in January 2014 and these are now being used in updating and "climate proofing" the CLUP and CDP of San Vicente, which are the fundamental planning documents of all LGUs in the Philippines. These are also 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 towards 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; and operation of alternative livelihood programs to ease the impacts of climate change on the income of farming and fishing households. The project is also well recognized by Government with President Aquino expressing interest to replicate the *"Ecotown Experience"* in other LGUs to also help them respond to the challenges of climate change in their respective localities.

Ongoing Initiative-2015 to 2017: Ecotown Scale-Up Project (Phase 2)

Building on the lessons from the "Demonstration of Ecotown Framework Project (Phase 1)" and responding to the interest of Government to replicate the *"Ecotown Experience"* in other LGUs, the GGGI and the CCC developed the "**Ecotown Scale-Up Project (Phase 2)"**

to introduce climate resilient green growth 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 climate resilient green growth planning and implementation models in other provinces to institutionalize the approach at the national level.* The project will also 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 will also support the envisioned replication of the project, will involve training of academic institutions as "Trainers" and the conduct of training activities for 300 municipalities for the period 2015 to 2016. The key features of the Ecotown Scale-Up Project (Phase 2) are briefly discussed in the following sections.

- **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 pre-requisites 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, and ***Green Growth Assessment***, based on the evaluation of local socio-economic challenges, trends and potential, income and poverty assessments, and industry-specific analyses considering climate change scenarios.

- **Support for Bankable Projects.** The results of these analytical exercises will inform the development of a ***Provincial Climate Resilient Green Growth 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 said 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 also be undertaken to promote knowledge transfer between the said experts and the concerned provincial personnel. The project will also facilitate the development of selected modules; training of academic institutions; and formation of "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.** While 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 (NPAC)***. In collaboration with the GGGI-KSD, selected analytical studies, such as the planned case study to promote green practices in the operations of micro-small and medium enterprises, will also be conducted to support policy discussions.

Planned Initiatives

In support of Government priorities as embodied in the NCCAP, GGGI will utilize its global expertise and experience to help relevant agencies pursue green growth related initiatives at a national scale towards pursuing a green and climate resilient economy.

Along this thrust, it explores potential partnership with the NEDA to support mainstreaming green growth into the national development planning process of the country through the **"Filipino 2040 Vision".** The Country Team aims to support NEDA through a technical assistance that will develop the "**National Guidelines for Mainstreaming Green Growth and Localizing the Filipino 2040 Vision".** These national guidelines will help the Government in

rolling-out the national vision and in integrating green growth concepts in development planning processes. Such assistance presents a good opportunity for NEDA and GGGI to work together at a national level initiative to promote and operationalize the Filipino 2040 Vision and mainstream the concept of green growth in this national strategy. This technical assistance benefits from the in-country initiatives of GGGI at the local level, as well as its global experience in supporting member countries develop national green growth directions. Towards this, the proposed technical assistance aims to facilitate development and implementation of national guidelines to mainstream green growth and localize the implementation of the Filipino 2040 vision.

Once developed, the national guidelines will be piloted in the Provinces of Palawan and Oriental Mindoro to help them prepare their respective Provincial Filipino 2040 Visions (i.e. Palawan 2040 or Oriental Mindoro 2040, etc.). 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 said project as its results and outputs could potentially inform the long-term visions of the concerned provinces thus ensuring that these are institutionalized for the next 25 years.

Under the said Ecotown Scale-Up Project the two provinces are expected to prepare their respective "Provincial Climate Resilient Green Growth (CRGG) Strategies". Through this pilot activity, the said Provincial CRGG Strategies will be aligned with the Provincial Filipino 2040 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 visions. Based on the result of this pilot activity the National Guidelines for Mainstreaming Green Growth and Localizing the Filipino 2040 Vision will be revisited and updated. A National Roll-Out Strategy will also be developed to facilitate the implementation of the said guidelines in other provinces. As the NEDA is also mandated to lead the formulation of the Sustainable Development Goals (SDG) commitments of the country, these guidelines are also expected to provide a common platform to operationalize green growth concepts together with the related SDG targets.

Parallel to this, GGGI is also engaging the private sector through an upcoming partnership with the Department of Trade and Industry (DTI).

The Country Team and the Knowledge Services Unit are pursuing a technical assistance to support DTI in the preparation of a business case for "greening" the operations of micro, small and medium sized enterprises (MSME) in the country. The said business case, which will focus on the food manufacturing sector, one of the primary economic drivers of the national economy, is meant to provide empirical and analytical evidence about the costs and benefits of introducing green practices in MSME operations and serve as fundamental reference for the DTI in its national advocacies and policies towards a green business environment. While separate, these planned partnerships with NEDA and DTI constitute GGGI's approach to complement the ongoing interventions at the local level thus presenting entry points for the horizontal coordination of policies across the concerned National Government agencies; the vertical integration of programs between National Government and local government units; mainstreaming GGG initiatives; and creating national level impacts.

The Philippines' Country Planning Framework Analysis

The formulation of the GGGI Country Planning Framework for 2015 to 2019 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 Government priorities and GGGI 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 the Country Team and stakeholders, such as concerned national and local government institutions, academia, civil society organizations, development partners, and private sector representatives, were also considered. The activities of development partners in the area of economic growth and climate change have also been mapped to maximize the complementarity and synergy with forthcoming GGGI initiatives. Lessons from the implementation of the Phase 1 project have been revisited to inform prospective interventions in this build-up to the provincial scale.

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[28]. The impacts of such calamities are also 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 said 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. On a longer-term perspective, 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.

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. Among these, the Country Planning

[28] Philippine Economic Update, 2014. The World Bank.

Framework identifies the key issues where GGGI support in the medium term is contemplated.

1. **Limited Coordination in Local Development Planning.** Local governments are mandated to prepare their respective local development plan, such as the CLUP and CDP for municipalities and cities and Provincial Development and Physical Framework Plan (PDPFP) for provinces, which serves as basis for the identification of priority local initiatives, expenditure programming, budget appropriation, and project implementation. However, even as 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 local government units. This practice also impacts on the ability of local governments to effectively respond to climate change such as in the preparation of the LCCAPs. While 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. The lack of coordination and the tendency to approach planning individually reduces opportunities for local LGUs to plan as a cluster, pool limited resources, and pursue shared initiatives to address development and climate change comprehensively.

2. **Limited Technical and Financial Capacities of LGUs.** The LGUs that are at greatest risk to climate-related hazards are on average poorer[29]. These are usually lower income LGUs, particularly municipalities, which generally lack the technical capacity to prepare and mainstream climate change concerns in their local development plans, particularly the CLUP, because their manpower is limited in terms of number and technical training. In addition, 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 but this exercise is largely 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 management activities need to be intensified. However, a review of the 2013 National Government budget indicates that capacity development is an area that remains underfunded[30].

   These poorer LGUs also 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 to 6th income classes range from less than US$ 375.000 to US$ 850.000, which is barely enough to cover the general administrative costs of LGUs and infrastructure projects. While credit funding from Government Financing Institutions (GFI) 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.

3. **Limited LGU Access to Climate Financing.** Between 2008 and 2012, government climate appropriations increased by 2.5 times from US$300M to US$875M, or 1.9% of the national budget, but this was mainly for a few major programs of NGAs[31]. A critical challenge lies in the ability of LGUs to access attractive and sustainable financing for climate related investments considering their critical role in pursuing economic growth and climate resilience. While funding facilities, such as loans from Government Financing Institutions (GFIs), credit from NGAs, and financing from Official Development Assistance (ODA), 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 absence of a special window for climate change related investments has not encouraged the implementation of climate adaptation projects by LGUs. While the nature of the PSF as a grant

[29] Getting A Grip on Climate Change in the Philippines, p.15

[30] Ibid.

[31] Ibid.

facility makes this an attractive window for LGUs, the challenge is for the CCC, as PSF Secretariat, to make this facility operational and ensure that the processing requirements do not crowd out the poorer LGUs, which are in most need of financing support. Hence, the PSF accords priority to LGUs belonging to the 4th to 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 are relatively behind in terms of capacity 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 local governments and communities in the coming months.

4. **Institutional Fragmentation.** Improving coordination among concerned institutions and harmonizing related policies are part of the rationale for the creation of the CCC as the lead policy and coordinating body for climate change related concerns. While gradual improvements have been realized 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 also evident among agencies that have joint responsibilities for climate related tasks. The CCC and the National Disaster Risk Reduction and Management Council (NDRRMC) have signed a Memorandum of Understanding (MOU) to define their respective roles and collaborate in supporting LGUs in the preparation of Local Disaster Risk Reduction and Management Plan (LDRRMP) but this collaboration has not fully materialized in practice yet.

   Notwithstanding its mandate, the effectiveness of the CCC is challenged by its limited local presence and capacity to engage and support LGUs. While the CCC provides secretariat support to the Cabinet Cluster on Climate Change (CCCC), it has limited decision-making powers and this has slowed down the integration of the NCCAP at the highest level of Government[32]. The broad mandate and many responsibilities of the 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 making 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, and business case and replication models, to help realize these broad aspirations.

[32] Getting A Grip on Climate Change in the Philippines, p.13

Strategic Response

Scale-Up and Institutionalization

GGGI 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 local government units.

For instance, the "Ecotown Approach" will continue to be replicated across similar types of LGUs (i.e. municipality level and provincial level) while options for scaling-up (i.e. municipality to provincial level; provincial to regional level and national level) 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, among others.

Provincial replication will initially focus on 3 additional three provinces, namely Laguna, Romblon, and Bohol. These provinces were initially covered by the Scoping Study for the "Ecotown Scale-Up Project (Phase 2)" but were excluded due to budget limitations. On the other hand, municipal replication will be pursued through the 300 municipalities that will be trained on the "Ecotown Approach" under the GGGI-CCC capacity development program.

Finally, the Country Team will support the government in mainstreaming green growth at the national level to promote and operationalize the Filipino 2040 Vision and facilitate its implementation at the local level. This initiative will benefit from the gains of 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 2 depicts that overall picture of the country team's scale-up and institutional model.

Figure 2. Country Team Scale-up and Institutionalization Model

Alignment with Government Priorities

The priorities of the Government towards achieving inclusive growth and climate resilience and the strategic directions of the GGGI, as outlined in its Strategic Plan for 2015 to 2020 are broadly aligned. The "Green Growth" concept promulgated by GGGI which is: *"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 the CCC, the Government is presently formulating its **Intended Nationally Determined Contributions (INDCs)**, which prescribes the nation's post-2020 public commitment to climate actions under the new international agreement to be decided in Paris, France in 2015[33]. Primarily, GGGI initiatives will support Government programs to achieve inclusive growth, climate resilience, and meet commitments under its INDCs.

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

"One GGGI" Delivery Model

In terms of program delivery, GGGI will ensure that the relevant divisions are involved in the design and implementation through a **"One GGGI"**, approach. 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, target outputs, and expected outcomes i.e. to ensure maximum utilization of internal GGGI technical capacity for partner countries. The Knowledge Services Department actively involved in development of the "General Methodology for Climate Resilient Green Growth Planning" under the Ecotown Scale-Up Project while the Green Investment Services Unit is helping in the design of initiatives that will support municipalities prepare project proposals for bankable projects and assist the Government to operationalize and leverage the PSF.

General Engagement Approaches

Aside from broadly supporting Government priorities, as embodied in the NCCAP, and the GGGI Thematic Priorities, the design and implementation of prospective GGGI initiatives will be guided by the following approaches to rationalize and maximize the use of resources and the impact of such interventions.

Partnership and Ownership. GGGI initiatives will be undertaken together with the Government in manner that develops partnership and instills ownership. Government leadership will be prominently featured in GGGI supported activities to ensure country ownership of the outputs and outcomes related to such interventions. To support the principles of partnership and ownership, the Government will provide counterpart and in-kind contributions to complement GGGI resources. For instance, the CCC has allocated in-kind counterpart to support the ongoing "Ecotown Scale-Up Project (Phase 2)", which includes the provision of office space and utilities for the Project Management Unit and the designation of CCC personnel who will be the GGGI partners in project implementation. On the other hand, the beneficiary Provincial Governments of Palawan and Oriental Mindoro will likewise provide contributions in terms of office space and utilities for the Provincial Project Office as well as counterpart personnel to comprise the Provincial Project Teams. From 2015 to 2016, GGGI and CCC will train academic trainers and 300 municipalities in the "Ecotown Approach" and under this partnership GGGI resources will complement the Government budget of US$0.87M (PHP39M) for 2015 and an expected budget of the same level in 2016.

Pursuing Concrete Results. As GGGI initiatives are primarily technical assistance in nature, it is critical to demonstrate how these will actually lead to tangible results that will concretely enhance the climate resilience and economic conditions of project beneficiaries. Relative to this, forthcoming GGGI interventions will be designed to ensure that the technical assistance provided leads to the implementation of bankable projects. While GGGI support does not cover infrastructure financing,

[33] World Resources Institute Definition of INDC http://www.wri.org/indc-definition

these could be designed to facilitate access to development financing through strategic partnerships with concerned institutions hence establishing the important link between technical assistance and project implementation and magnifying the value of GGGI 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 such interventions appropriately and adequately respond to the climate vulnerability and economic growth requirements of said LGUs while ensuring that the selection of such 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 subject locality, but with the common objective of improving the lives of people by reducing susceptibility to climate change impacts and spurring economic growth.

Knowledge Development. Developing knowledge and capacities of partner institutions and project beneficiaries will be intrinsic to all GGGI initiatives as a strategy to embed and sustain the lessons from said interventions. This is critical given that technical capacity limitation, especially among local government units, is considered a primary development challenge. Related to this, options for mainstreaming GGGI knowledge products in appropriate 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 **"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, said pool of experts could serve as a resource that the 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. The "climate change and economic development space" is replete with many actors as Government agencies, development organizations, and other institutions implement their respective programs which are directed towards a common goal. GGGI had 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 the CCC, the GGGI had worked with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and the United States Agency for International Development (USAID) in the implementation of various Ecotown Components in 4 municipalities of Siargao Islands. GGGI is presently coordinating with the GIZ-led **"Promotion of Green Economic Development (Pro-GED) Project"**, implemented with the DTI, to design a potential project with DTI to develop the business case for "greening" the business operations of micro, small and medium enterprises. The GGGI continuously seeks opportunities for coordination with development partners through its participation in the **Philippine Development Forum (PDF),** which is the **primary mechanism of the Government for facilitating substantive policy dialogue among stakeholders on the country's development agenda.**

GGGI had also an initial discussion with the Cities Development Initiative for Asia (CDIA) 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 (related to climate resilience and green growth) that will be identified under the Ecotown Scale-Up Project. The proposed partnership aims to support the transformation of plans and project ideas into concrete and bankable interventions. This figures well in relation to the GGGI value chain – given GGGI's comparative advantage in conducting activities on the left side of the value chain (i.e. diagnostic studies, etc.) and the possibility of CDIA intervention coming in to support activities towards the right side of said value chain (i.e. project development, financing and implementation, etc). Moreover, potential cooperation opportunities relative to green city development initiatives is also being discussed in consideration with other GGGI member countries in the Asian region.

Forthcoming GGGI initiatives will be designed to complement, rather than compete, related efforts and projects. To the extent possible, such initiatives will utilize available materials, such as knowledge products and methodologies already developed and

accepted by Government, instead of re-inventing these. As GGGI interventions are relatively modest, strategic collaborations with related and relevant programs of concerned institutions, such as government, NGOs, development partners, academic institutions, among others will be pursued and find it essential to explore avenues to leverage these for greater impact and synergy.

With this, GGGI will continue to enhance the coordination with the other development partners for future and potential opportunities for collaboration. Other development partners to which the country team had preliminary discussions includes Korea International Cooperation Agency (KOICA), Agence Francaise and Development (AFD), World Bank, Asian Development Bank (ADB), Royal Danish Embassy, Embassy of the Republic of Korea, Embassy of Australia through its Department of Foreign Affairs and Trade(ex. AUS-Aid), Japan International Cooperation Agency (JICA), UN Habitat, and the United Nations Development Programme (UNDP). Among the areas that has been discussed and considered for possible cooperation includes 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 has been series of discussion for urban Ecotown project cooperation.

Envisioned GGGI Interventions

GGGI initiatives will be framed in support of the impact and outcomes below to ensure that these are coherent and aligned with Government and GGGI priorities. The focus on local governments is retained, which is a key entry point for GGGI interventions given the decentralized governance structure of the Philippines. As discussed in the following section, the term "participating LGUs" refer to provinces, municipalities, and cities that will be participating in GGGI projects from 2015 to 2019. Initially, these cover the 2 provinces of Palawan and Oriental Mindoro, which are enrolled under the "Ecotown Scale-Up Project (Phase 2)". It is important to note though 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 view of the foregoing and in response to the challenges described in Section VI, the following impact and strategic outcomes are formulated to serve as guidepost for GGGI initiatives in the Philippines for the CPF period.

Impact: ***Climate resilience enhanced and green growth achieved in the country.*** The GGGI interventions embodied in this CPF are envisioned to contribute to the ongoing efforts of the Government to improve its climate resilience and economic performance. Conservatively, the ongoing Ecotown Scale-Up Project (Phase 2) is expected to impact positively on the constituents of the 2 Provinces (Palawan and Oriental Mindoro) and the 300 municipalities that will be participating under the project. The impact is envisioned to have a broader reach with the implementation of forthcoming initiatives under the CPF, which have both local and national orientations. The following outcomes are envisaged to support the said impact:

Strategic 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 (Phase 2), GGGI will support the implementation of Climate Resilient Green Growth (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 said 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 Climate Resilient Green Growth Strategies". While the Philippine INDCs are being developed, the said project is envisioned to embody and concretely respond to these commitments given its thrust to promote sustainable economic development, climate change adaptation and mitigation at the provincial level. GGGI envisions the sustained implementation of the *CRGG* planning approach in additional participating LGUs (i.e. provinces, municipalities and cities) in partnership with the 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,

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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 **"Climate Resilient Green Growth (CRGG) Strategies"** that promote economic growth, job creation, *poverty reduction, social inclusion, environmental sustainability, resource security, and climate resilience. The said 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. While 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 (Phase 2), GGGI will work with the CCC in developing a "National Replication and Scale-Up Plan" to guide the roll-out of the CRGG planning approach in more LGUs. The said 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.*

Strategic Outcome 2: ***Access to financing for bankable CRGG 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 windows 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, the said facility is yet to have its pilot operation with an initial call for proposal planned in the fourth quarter of 2015. Considering these, GGGI

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

- **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 also include the conduct of a "Rapid Assessment" to evaluate the performance of the PSF in the first 6 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.. In pursuing this output, GGGI will mobilize the support GGGI-Green Investment Services (GIS) Unit to maximize the use of their expertise in related areas. Lessons from similar GGGI initiatives, such as establishment and operationalization of the Ethiopia-Climate Resilient Green Economy (CRGE) Facility will also be considered.to take advantage of experience already gained, and facilitate knowledge sharing among its 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 assistance will extend to facilitate investment matching to ensure that viable CRGG proposals are able to secure funding commitments. Related to this the Country Team and the GIS Unit are currently scoping a planned technical assistance to help the Municipality of San Vicente prepare project proposals for strategic projects namely: a.) Coral Reef Rehabilitation; b.) Post Harvest Facilities for Agriculture; c.) Water Supply System for Island Communities; and d.) 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 partnership with other national government agencies such as the 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: a.) Leveraging the PSF to mobilize and access incremental climate funding commitments from Government, Official Development Assistance (i.e. Development partners, Green Climate Fund (GCF), etc.) and private sector; b.) Designing a "Climate Change Financing Framework" to rationalize the focus, terms, and complementarity among domestic and funding windows; c.) 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, the Country Team and the GIS Unit are coordinating with the CCC, the Designated National Authority for the GCF, for a possible technical assistance to help the CCC identify suitable National Implementing Entities to be accredited by the GCF for funding support.

Strategic Outcome 3: ***Institutional capacity to implement CRGG planning approach improved.*** The NCCAP has identified **"knowledge and capacity development"** as a strategic priority and rightly so because institutional and capacity constraints have significantly hampered the design, implementation and sustainability of effective Government programs. The limited technical know-how of most poor LGUs limits their ability to understand their level of vulnerability and identify the mitigating measures that will appropriately respond to this. If at all, local projects are selected with scarce analyses and rigor hence compromising viability. At the same time, weak institutional coordination among concerned National Government agencies continue to affect the effectiveness of public programs. Given this, the GGGI will continue working with the concerned Government oversight agencies, such as the CCC, NEDA, DOF and the DILG, 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.

- **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 area 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 meaningful dialogue and continuing coordination among the concerned government agencies, civil society, and the private sector and also serve as the platform for technical and policy discussions.

- **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 support will include development of mandatory and demand driven training modules and various modalities for delivery such as the 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 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 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, the analysis of project findings, and formulation of project recommendations. Said consultative groups are also designed to bridge the gap and address the limited coordination among civil society, private sector, and government, which further contribute to institutional fragmentation.

Strategic 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 a long-term development vision for the Philippines and the Filipino people to serve as basis for unity among Filipinos; guide the development planning across Government administrations; and harmonize development assistance in the country for the next 25 years. Termed as ***"Filipino 2040"***, the said vision intends to help successive administrations remain focused on the country's long term goals while responding to short and medium term needs and conditions. 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 Filipino 2040 Vision"** such that LGUs are able to formulate their respective long-term visions, which are broadly aligned with the national level vision while embodying local level aspirations. This initiative is seen as an effective vehicle for a more institutional and sustainable engagement with the Government considering that the said 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.

- ***Indicative Output 4.1: National guidelines for mainstreaming green growth and localizing the Filipino 2040 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 Filipino 2040 vision and help LGUs formulate their respective local long-term visions aligned to this.

Table 1: Mapping of CPF Strategic Outcomes and Outputs

CPF Strategic Response			Filipino 2040 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.	• Climate change adaptation • Economic development	• Human security • Ecological and environmental stability • Food security • Water sufficiency • Climate friendly industries and services • Knowledge and capacity development	• Green City Development • Cross-cutting	• Diagnosis • Green impact assessment • Sector/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 CRGG investments improved.	**2.1** People's Survival Fund operations supported.	• Good governance and Anti-Corruption • Economic development • Human development and poverty reduction	• Ecological and environmental stability • Food security • Water sufficiency • Sustainable Energy	• Land Use • Energy • Water	• 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 CRGG planning approach improved.	**3.1** Improved institutional and policy coordination for CRGG planning supported.	• Human development and poverty reduction	• Knowledge and capacity development • Climate friendly industries and services	• Green City Development • Cross-cutting	• 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 Filipino 2040 vision developed and piloted in provinces of Palawan and Oriental Mindoro.	• Inclusive growth • Good governance and Anti-Corruption • Economic development • Human development and poverty reduction • Climate change adaptation and mitigation		• Cross-cutting	• Diagnosis • Sector/Sub-sector strategy and planning (i.e. policy analysis, integrating green growth concepts) • Green Impact Assessment
		4.2 Provincial Filipino 2040 Visions developed for Palawan and Oriental Mindoro.				
		4.3 National Roll-Out Strategy to replicate the provincial implementation of the national guidelines developed.				

These local long term visions will inform the preparation of short-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 Filipino 2040 Visions developed for Palawan and Oriental Mindoro.*** The said 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 said provinces are able to develop their respective Provincial Filipino 2040 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. On the other hand, the planned initiative will also benefit the Ecotown Scale-Up Project as its results and outputs could potentially inform the long-term visions of the concerned provinces thus ensuring that these are institutionalized for the next 25 years.

- ***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 implement these 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.

The aforementioned GGGI strategic outcomes and outputs are mapped in Table 1 to illustrate how these are aligned with the NCCAP, PDP and Filipino 2040 vision strategic priorities and the GGGI thematic themes and value chain.

Response to proposed Sustainable Development Goals

Aside from supporting Government development directions and the following corporate goals of GGGI, namely: *"strengthening of national, sub-national, local green growth planning, financing and institutional framework" and "Increasing green investment flows"*, the aforementioned outcomes also generally respond to the proposed Sustainable Development Goals (SDGs). In particular, these are aligned with the following SDGs:

- **SDG No. 8**: *"Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all"*.
- **SDG No. 11**: *"Make cities and human settlements inclusive, safe, resilient and sustainable"*.
- **SDG No. 13**: *"Take urgent action to combat climate change and its impacts"*.

Contribution to SDG No. 8

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 windows 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. This outcome is relevant to **SDG Sub-target No. 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"*; and **SDG Sub-target No. 8.10:** *"Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all"*.

Contribution to SDG No. 11 and 13

Outcome 1 envisions the integration of climate resilient green growth strategies in the local development plans of participating local government units while Outcome 3 aims to improve the capacities of concerned institutions, such as National Government Agencies, local government units, and non-government organizations, to implement the climate resilient green growth planning approach. These outcomes contribute to **SDG Sub-target No. 11.3:** *"Enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries"*; **SDG Sub-target No. 13.1:** *"Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries"*; and **SDG Sub-target No. 13.2:** *"Integrate climate change measures into national policies, strategies, and planning"*.

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