

**SPEECH DURATION: X MINUTES**



Good day. I would like to thank the World Bank and the Secretariat of the Coalition for inviting the Department of Finance to share the experiences of the Philippines in formulating its NDC and long-term strategies.

Before anything else, allow me to express our solidarity with the people of Morocco amid the earthquake last Saturday.

**EMPOWERING CLIMATE ACTION: MoF'S ROLE IN NDCs AND LTS IMPLEMENTATION WORKSHOP**



## SECRETARY OF FINANCE

- leads the President's economic team
- sets the fiscal policy of the government
- a member of the Monetary Board (Central Bank)
- provides oversight on the financial sector governance of state-owned enterprises including national development banks, and local government (or sub-national government) finance

In the Philippines, the Secretary of Finance leads the President's economic team, sets the fiscal policy of the Government, is a member of the central monetary board (central bank), and provides oversight on the financial sector, governance of state-owned enterprises, including national development banks, and local government (or sub-national government) finance.

## DEPARTMENT OF FINANCE

- negotiate and mobilize international financing and support
- ensure that the programming of foreign sources is well-integrated and mainstreamed into the national development and sectoral plans, climate action plans and post-disaster recovery and rehabilitation plans
- partnership with the Climate Change Commission and the Department of Environment and Natural Resources which lead a Cabinet-level Cluster coordinating on climate actions and disaster risk reduction measures



The Department of Finance serves as the agency in charge of negotiating and mobilizing international financing and support from bilateral and multilateral development partners, international organizations, international climate financial mechanisms, and global market - commercial sources. We actively engage with national government agencies and international development partners to ensure that the programming of foreign sources is well-integrated and mainstreamed into the national

development and sectoral plans, climate action plans and post-disaster recovery and rehabilitation plans.

We partner with the Climate Change Commission and the Department of Environment and Natural Resources which lead a Cabinet-level Cluster coordinating on climate actions and disaster risk reduction measures.

# Role of DOF in NDC and LTS Implementation



- 1 leads the financing of the national budget and its plans, projects and programs from all sources - domestic or foreign,
- 2 provides support through its oversight functions and issues or sets the policies affecting the public and private sectors such as with the Department of Budget and Management and the central planning authority, the National Economic and Development Authority, or through DOF's attached agencies and units.
- 3 sits in a number of core and oversight structures performing critical functions of public investment programming, public budget coordination, public financial management, financial sector reforms, and climate finance, among others.
- 4 co-chairs the Inter-Agency Task Force on Sustainable Finance (ITSF), which was created to support the country's ambition to implement concrete climate actions, as expressed in our submitted NDC. The ITSF is tasked to support and accelerate the development of a green and sustainable economy, while encouraging public and private sectors to implement programs, activities, and projects that contribute to environment conservation, inclusive growth, and sustainable development.



In contributing to the country's first nationally determined contribution (NDC)

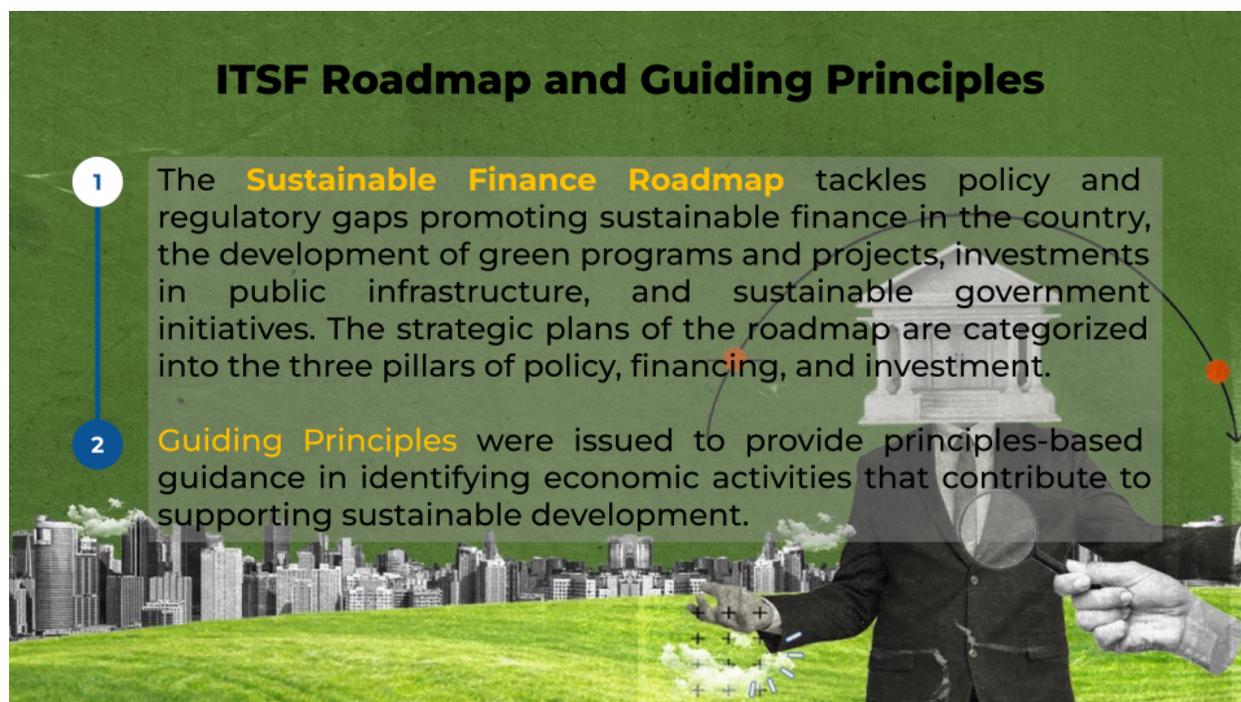
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under the Paris Agreement on Climate Change, which sets a 75 percent greenhouse gas emission reduction and avoidance target by 2030, the Department (i) leads the financing of the national budget and its plans, projects and programs from all sources - domestic or foreign, (ii) provides support through its oversight functions, and issues or sets the policies affecting the public and private sectors such as with the Department of Budget and Management and the central planning authority, the National Economic and Development Authority, or through DOF's attached agencies and units.

On top of this, the DOF sits in a number of core and oversight structures performing critical functions of public investment programming, public budget coordination, public financial

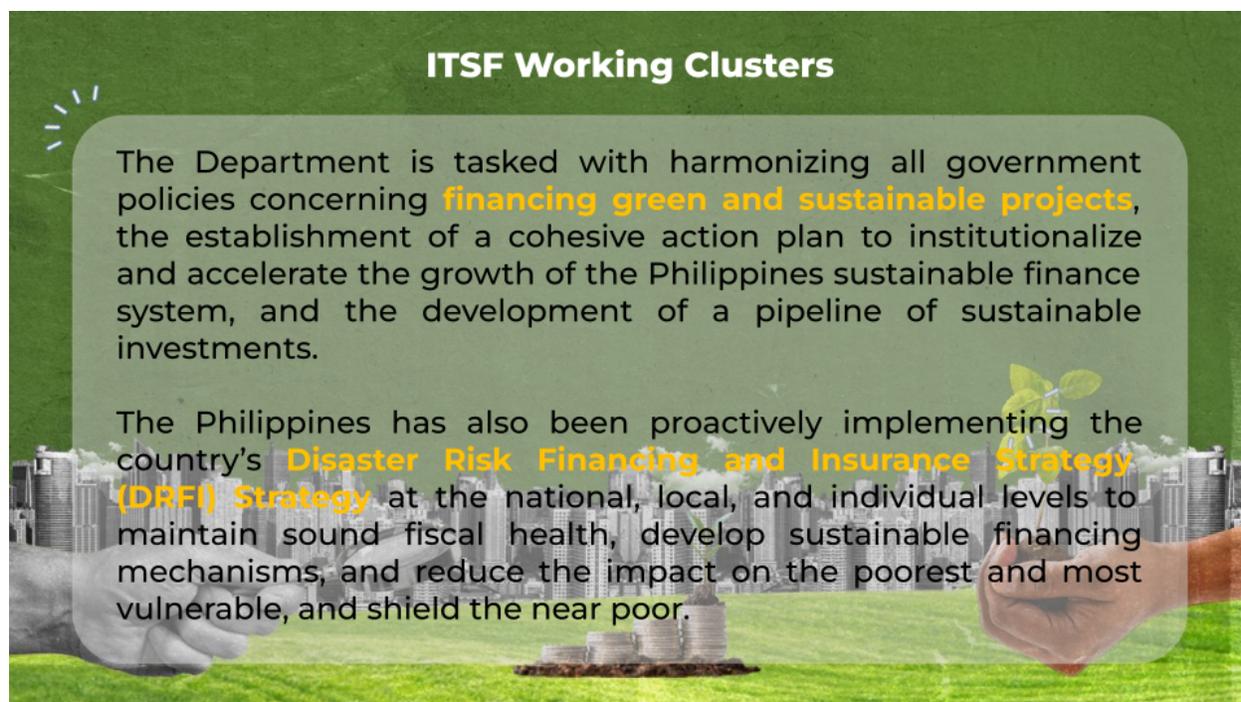
management, financial sector reforms, and climate finance, among others.

The Department co-chairs the Inter-Agency Task Force on Sustainable Finance (ITSF), which was created to support the country's ambition to implement concrete climate actions, as expressed in our submitted NDC. The ITSF is tasked to support and accelerate the development of a green and sustainable economy, while encouraging public and private sectors to implement programs, activities, and projects that contribute to environment conservation, inclusive growth, and sustainable development.



Two policy documents were created by the ITSF to provide international capital markets and the private sector a map of the sustainable finance landscape in the Philippines. The first is the Sustainable Finance Roadmap, which tackles policy and regulatory gaps promoting sustainable finance in the country, the development of green programmes and projects, investments in public infrastructure, and sustainable government initiatives. The strategic plans of the roadmap are categorized into the

three pillars of policy, financing, and investment. Alongside this policy document, Guiding Principles were issued to provide principles-based guidance in identifying economic activities that contribute to supporting sustainable development.



Three working clusters were utilized in order to operationalize the roadmap. Among these, the DOF leads the cluster on Financing Investment Pipeline, and the National Strategy Alignment and Policy Implementation. In essence, the Department is tasked with harmonizing all government policies concerning financing green and sustainable projects, the establishment of a cohesive action plan to institutionalize and accelerate the growth of the Philippines sustainable finance system, and the development of a

pipeline of sustainable investments. These tasks are supported by the efforts of the Department in securing foreign financing from bilateral and multilateral sources.

Reinforcing our climate actions, the Philippines has also been proactively implementing the country's Disaster Risk Financing and Insurance Strategy (DRFI) Strategy at the national, local, and individual levels to maintain sound fiscal health, develop sustainable financing mechanisms, and reduce the impact on the poorest and most vulnerable, and shield the near poor.

## Green Climate Fund (GCF)

The DOF performs two (2) functions: as current **Alternate Board Member** and as the **Philippines' National Designated Authority (NDA)** to the GCF.

As NDA, we issue the no-objection letter for project and program proposals to the GCF, endorse readiness support programs and projects, and oversee the strategic planning of climate priorities through **GCF's country programming**. Through GCF, we have **seven (7) projects under implementation**, with approved five (5) readiness activities, with cumulative financing of **132 million US dollars** to date.

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### People's Survival Fund (PSF)



This national climate fund is intended for local government units (or sub-national entities) and community organizations to implement **adaptation projects** that equip vulnerable communities to the impacts of climate change.

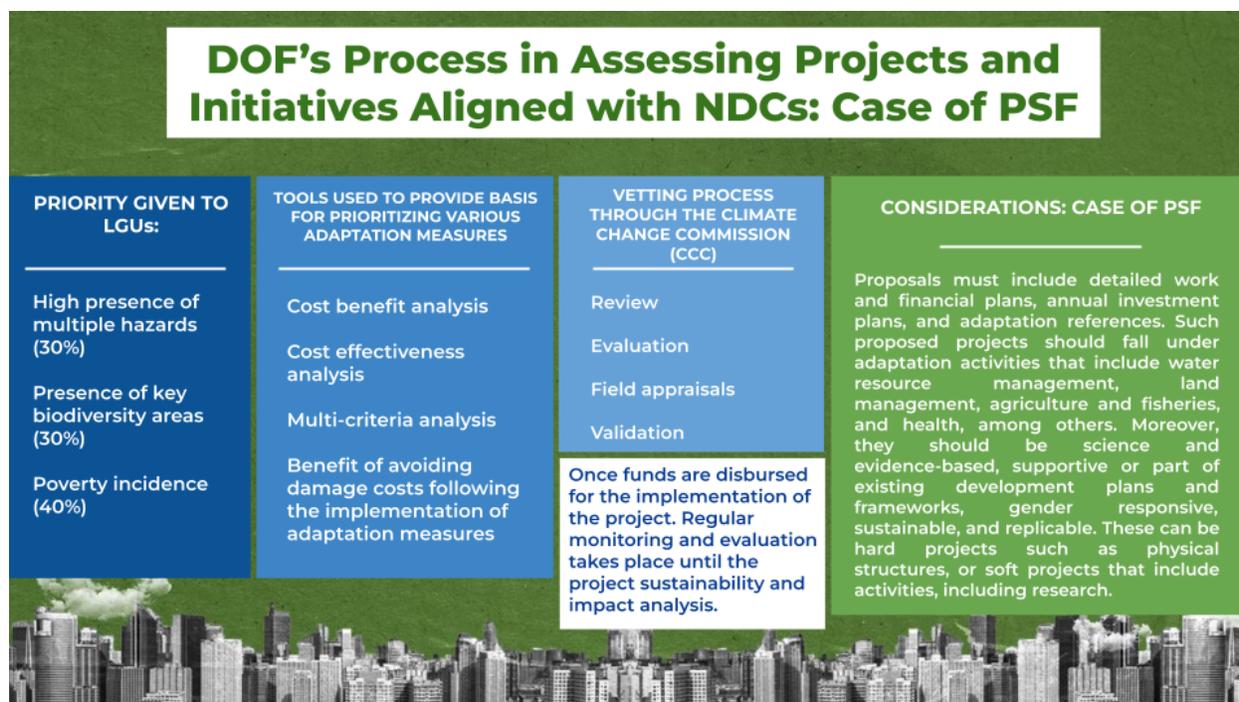
There are **six (6) approved projects** under the PSF total grant of **5.47 million US dollars**, with plans to fund further projects amounting to around **12.1 million US dollars**, and **five (5) approved project development grants** across LGUs in northern Samar amounting to **176 thousand US dollars**.



On national funds, the Secretary of Finance heads the People's Survival Fund. This national climate fund is intended for local government units (or sub-national entities) and community organizations to implement adaptation projects that equip vulnerable communities to the impacts of climate change. To date, there are six (6) approved projects under the PSF total grant of 5.47 million US dollars, with plans to fund further projects amounting to around 12.1 million USD, and five (5) approved project development grants

across LGUs in Northern Samar amounting to 176 thousand USD.

Samar



The PSF Board assesses the submitted proposals of adaptation projects and initiatives using the process and criteria that considers prioritization of sectors and inputs from technical risk assessment.

The PSF Board uses a set of criteria in prioritizing proposals that are to be supported. Priority is given to LGU's that have a high presence of multiple hazards (30%), presence of key biodiversity areas (30%), and poverty incidence (40%). Moreover, various tools are utilized to

provide a basis for prioritizing various adaptation measures. These include cost benefit analysis, cost effectiveness analysis, and multi-criteria analysis. Lastly, they should provide the benefit of avoiding damage costs following the implementation of such adaptation measures.

Measures such as review, evaluation, field appraisals, and validation, take place before being endorsed through a vetting process through the Climate Change Commission (CCC). Once projects are endorsed by the CCC and subsequently approved by the PSF Board, funds are disbursed for the implementation of the project. Regular monitoring and evaluation takes place until the project sustainability and impact analysis.

Proposals must include detailed work and financial plans, annual investment plans,

and adaptation references. Such proposed projects should fall under adaptation activities that include water resource management, land management, agriculture and fisheries, and health, among others. Moreover, they should be science and evidence-based, supportive or part of existing development plans and frameworks, gender responsive, sustainable, and replicable. These can be hard projects such as physical structures, or soft projects that include activities, including research.

## ITSF GUIDING PRINCIPLES

Additionally, given the DOF's responsibility of co-leading the ITSF, we provide assessment of economic activities using the guiding principles. These activities fall under several categories, including: climate change mitigation and adaptation; promoting transition to a low carbon economy; resilient food systems; sustainable cities; sustainable and resilient infrastructure for inclusive growth and poverty reduction; and environmental management and conservation.

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## Resources, Instruments and Incentives Used by DOF in Assessing and Implementing NDCs and LTS

The **National Renewable Energy Program and the Renewable Energy Act of 2008**, which promotes the increase in use of renewable energy; the **Climate Change Act of 2009**, which includes provisions on carbon target, budgeting, and trading schemes; and the **Energy Efficiency and Conservation Act**, which was designed to foster the development, implementation, and monitoring of energy management policies.

The **Philippine Green Jobs Act of 2016** was created with the aim to foster low-carbon, resilient sustainable growth, and decent job creation by providing certain incentives that generate green jobs. Such incentives include special deduction from taxable income, and tax and duty free importations of capital equipment.

The **Government's Infrastructure Flagship Projects Build Better More Program** lists over 190 high-impact priority projects which also cater to flood management, railway development, power, energy, and agriculture sectors. With the government recognizing the importance of our private sector, we promote the use of **Public-Private Partnerships** to hasten the rollout of these projects under the Administration's Philippine Development Plan of 2023-2028.

The Government tracks expenditure items aligned to climate actions at the national and sub-national level (local government) through the climate budgeting framework called the **Climate Change Expenditure Tagging (CCET)**.

In the implementation of our national actions, the National Government utilizes and employs various strategies, resources, instruments, and incentives.

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which was designed to foster the development, implementation, and monitoring of energy management policies.

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The PSF contributes to the implementation of NDCs, through the provision of adaptation financing for projects of local government units and communities.

Relatedly, the Government's Infrastructure Flagship Projects Build Better More

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Lastly, in order to sustain the country's climate reform initiatives, the Government tracks expenditure items aligned to climate actions at the national and sub-national level (local government) through the climate budgeting framework called the Climate Change Expenditure Tagging (CCET).

**DOF's Response in Addressing Challenges and Needed Tools**

DOF recognizes and understands the challenges and barriers involved, such as the need to develop a viable and bankable list of projects, confront issues on access to financing (across all levels), address the capacities of stakeholders such as national agencies, local government units, civil society, and private sector, among others.

To address some of these concerns, as a member of the inter-agency NDC Technical Working Group, we are working with the Asian Development Bank and the Climate Change Commission in developing the NDC Implementation and Financial Plan.

We continue to explore and study the feasibility of carbon pricing instruments in partnership with the World Bank.

Through our climate authorities, the Government is collaborating with the UK to formulate the National Adaptation Plan that will build the country's adaptive capacity through the whole of government and society approach. Key focus sectors are in Agriculture & Fisheries & Food Security; Water Resources; Health; Ecosystems and Biodiversity; Cultural Heritage, Population Displacement and Migration; Land Use and Human Settlements; Livelihoods and Industries; and Energy, Transport & Communications

The Department understands the many barriers and challenges in designing actions to implement the NDC and formulate the Long-Term Strategy. These include, among others, the need to develop a viable and bankable list of projects, confront issues on access to financing (across all levels), address the capacities of stakeholders such as national agencies, local government units, civil society, and private sector.

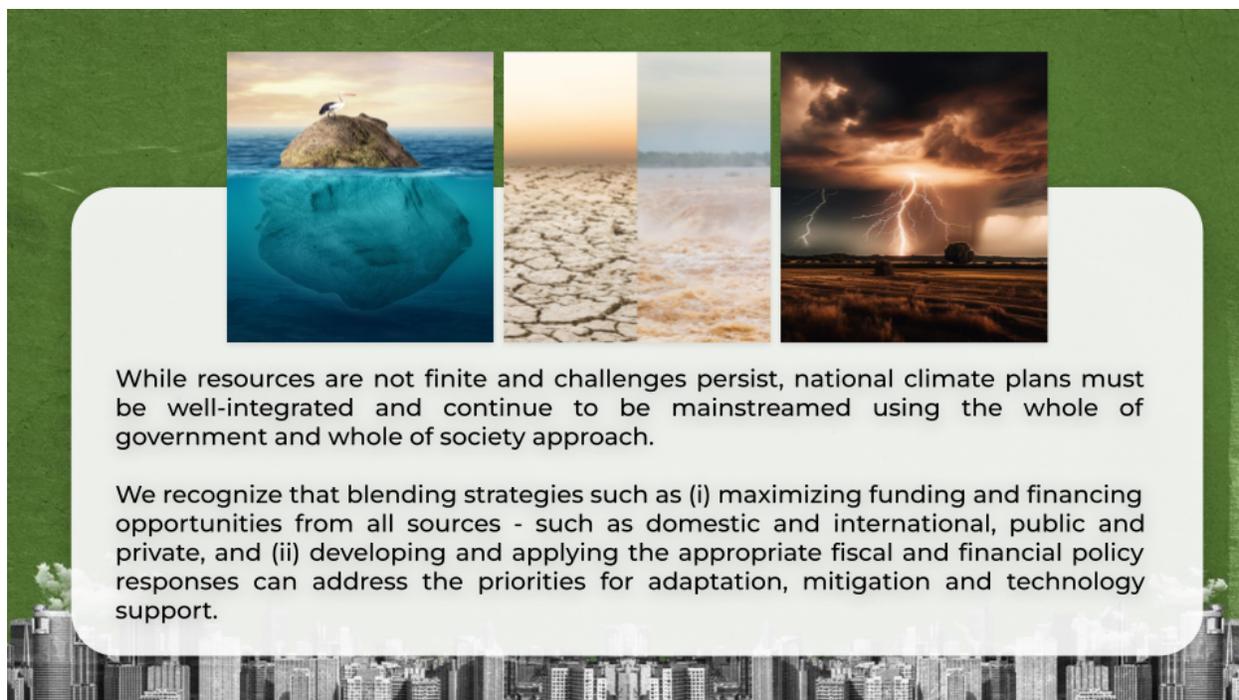
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Ecosystems and Biodiversity; Cultural Heritage, Population Displacement and Migration; Land Use and Human Settlements; Livelihoods and Industries; and Energy, Transport & Communications.



The DOF is a key player in the financing of the NDC. It is well-positioned as decision maker, economic and fiscal manager, and financial sector overseer to translate the country's commitments into concrete actions. Actions do not stop with the plan formulation.

While resources are not finite and challenges persist, national climate plans must be well-integrated and continue to be mainstreamed using the whole of

government and whole of society approach.

We recognize that blending strategies such as through (i) maximizing funding and financing opportunities from all sources - such as domestic and international, public and private, and (ii) developing and applying the appropriate fiscal and financial policy responses can address the priorities for adaptation, mitigation and technology support.

DOF will continue to work with our partners and stakeholders on solutions and financing strategies that will be suitable to the country's status and context.



Thank you all for listening.

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