

CLIMATE FINANCE ADAPTATION STUDY REPORT

Philippines

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INSTITUTE FOR
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SUMMARY OF KEY FINDINGS AND RECOMMENDATIONS

Climate Adaptation Finance Tracking - Philippines is a report based on an initial analysis of climate adaptation projects implemented in the country. The study was carried out by a team of researchers from the Institute for Climate and Sustainable Cities (ICSC), Assistance and Cooperation for Community Resilience and Development (ACCORD) Inc. and CARE in the Philippines. Below is a summary of the key findings resulting from each chapter of the report.

Chapter 1: Introduction

This report is part of an international pilot project on climate adaptation finance tracking. The project engaged civil society organisations in 6 developing countries (Ghana, Uganda, Ethiopia, Nepal, Vietnam, and Philippines) to assess multilateral and bilateral international support for climate change adaptation.

The project aims to assess if multilateral and bilateral donors' reporting of adaptation finance is reliable, in the sense that the amounts reported are reasonably accurate. The project further investigates if the supported adaptation activities are targeting the poorest and most climate vulnerable parts of the population, and if the activities are gender sensitive.

The report covers 18 financial flows from 2013-2017, including the 10 largest projects tagged as climate-relevant in the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD-DAC) database, and the 8 largest projects that are intuitively related to adaptation, mostly from Multilateral Development Banks (MDBs).

Chapter 2: International and national needs for adaptation finance

Across the 15th and 16th sessions of the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) in Copenhagen and Cancun, respectively, developed countries committed to mobilise climate financing to developing countries of USD 100 billion per year by 2020. At COP21 in Paris it was further decided that the allocation of funds should strive to be balanced between adaptation and mitigation, in recognition of the importance of adaptation finance and enhanced support towards it. However, the most recent OECD data published in 2019 indicates that these targets are far from being met. With public climate finance from developed to developing countries reaching USD 54.5 billion in 2017, of which only 24% targeted adaptation activities and only 15% targeted LDCs.

The Philippines was one of the most affected countries by climate-related events from 1998-2017, ranking 5th in the Climate Risk Index (CRI) (German Watch, 2019). Climate impacts manifest as extreme weather and hazard incidents which resulted to some 23,000 deaths and 125 million individuals affected, and aggregated socio-economic damages amounting to 20 billion USD from 2000-2016 (ADB, 2016). Exposure to multiple hazards, sensitivity of ecosystems to climate variability, and poor human development continuously threaten communities and limit their ability to build adaptive capacity. Government resources and support from the international community were inadequate to meet the needs of the affected families.

The country's actual adaptation-financing gap has not yet been established. In the Climate Public Expenditure and Institutional Review (CPEIR) report, the unavailability of information on the incremental cost of adaptation for the "climate-proofed" government projects and programs constrained the level of analysis that the CPEIR can offer. CPEIR also shows how international finance tend to support very specific types of projects such as infrastructure, which tend to bloat the figures because the whole amount is counted, not just the incremental costs of adaptation. The National Adaptation Plan (NAP), expected to start development in 2020, will play a strong role in guiding this process.

Currently, the country's discussions on adaptation finance needs are strongly linked to the disaster losses-driven narrative, such as the 3%-5% GDP losses during the typhoons Ondoy (Ketsana) and Pepeng (Parma) in 2009. It is still assumed that providing the same amount for climate change adaptation would allow the country to transition towards climate resilience through an adaptable economy. Following this logic, it is assumed that the country's annual adaptation finance need is between 884 million USD and 1.47 billion USD on the assumption that this is 3% and 5%, respectively, of the 2009 Php 1.415 trillion (USD 29.5 billion) budget

Chapter 3: Overview on received climate finance in the Philippines

A total of 623 climate-related projects were committed to the Philippines in the period 2013-2017, with the related total climate commitments summing to 4.3 billion USD, of which 878 million USD was committed in 2017 over 133 projects. The two largest providers of climate finance were Japan and the World Bank (WB), providing around 49% and 25% of all climate-related finance flows over the period, respectively.

With cross-cutting finance distributed equally between objectives, the ratio of adaptation and mitigation finance received between 2013-2017 was 44% to 56%, with 1.5 billion USD and 1.9 billion USD committed for adaptation and mitigation projects, respectively. Representing an imbalance between the objectives of approximately 400 million USD over the 5-year analysis period.

Key finding 1: Climate finance received in the Philippines leans towards mitigation. To represent the balance and trajectory stipulated in the Paris Agreement, donor development aid targeting adaptation activities must be significantly increased without reducing current levels on mitigation finance.

Parties to the Paris Agreement have recognized the importance of incorporating gender equality aspects into adaptation flows. Between 2013-2016, on average, 42% of adaptation projects also reported gender equality objectives. Yet, only 6% of adaptation finance is found to target gender equality, thus 94% of this adaptation finance (773 million USD) lacks gender co-targets.

Key finding 2: Although 42% of bilateral donors' adaptation projects report gender co-targets, 94% of adaptation finance commitments do not address gender equality. Identifying a large blind spot in the focus of adaptation projects in the Philippines.

As noted in the OECD's Rio Marker Handbook (Annex 18), those projects which have been assigned "principal" Rio markers of "2" for both mitigation and adaptation objectives should "be considered only upon explicit justification".¹ Our analysis finds that 52 projects have been assigned "2" for both climate Rio markers, accounting for 48 million USD, and is concentrated in projects reported by the United States (40).

Chapter 4: Analysis of adaptation relevance

Chapter 4 presents the results from the assessment of 18 adaptation-relevant climate finance commitments flowing to the Philippines from 2013-2017. The assessment focuses on analysing the quality of the adaptation activities undertaken and the accuracy of donor adaptation finance reporting. To do this the study followed a multi-step process adapted from the 3-step assessment developed by the MDBs, including

assessments of: (1) the climate vulnerability context outlined by a project; (2) the stated intent of a project and its consideration of the identified risks, vulnerabilities and impacts; and (3) the demonstration of a direct link between these identified risks, vulnerabilities and impacts, and the financed activities.

An initial and important finding of this report concerns transparency. Accessing full project documents for many of the adaptation-relevant development projects proved challenging due to the unresponsiveness of a number of implementing partners in country. Project documents for 2 projects supported by the German government and the European Union were not/partially made available to the assessment team. The current institutional arrangement where climate-related actions are managed separately by multiple national government agencies without a common oversight committee to monitor and consolidate progress and link projected gains with national adaptation priorities curtails transparency and accountability. Moreover, the unavailability of documents to the public also limits the capacity of civil society to participate in decisions with regard climate-related risks and similar developmental priorities.

Key finding 3: Accurate and independent analyses of adaptation finance, and climate finance more generally, is hindered by 1) the lack of a consolidated system of managing climate-related portfolio and 2) the limited availability of documents to the public.

Within the individual assessments, the 3-step process highlighted key characteristics of projects which effectively target adaptation. Most importantly it was found that a project's ability to adequately assess and outline the climate vulnerability context within the relevant implementation area or sector leads to more successful adaptation projects.

Key finding 4: Adaptation projects seen to address adaptation needs routinely produce vulnerability analyses relevant to the project's activities and impacted stakeholders. Furthermore, projects which are found to effectively consider the relevant context of climate vulnerabilities, are also found to develop activities addressing the identified risks, vulnerabilities and impacts. Similarly, projects which fail to outline an adequate vulnerability context, often fail to meet the adaptation needs of those affected by the project's activities.

The climate vulnerability contexts outlined by the projects are often aggregated vulnerability information, that reflect national and sub-national (city/provincial) level conditions. Lessons from different disaster events, such as Typhoon Haiyan (Yolanda), Washi (Sendong), Ketsana (Ondoy), and Pinatubo Eruption, served as a springboard for the development of several projects. Long-term scenarios, apart from the identified return periods of some of the big infrastructure projects, are not that evident in the financial flows tracked. Slow onset events are also lacking in the design of the projects. In addition, it is undesirable that a recipients' adaptive capacity is not being factored into the vulnerability analyses of these assessed projects.

The projects' statements of intent were generally linked to gaps identified through the vulnerability context of the project. The objectives ranged from institutional reforms at the national level or actions directed to reduce vulnerability to specific hazards, i.e. floods. Most of the activities are consistent with achieving the objectives identified. Activities of the different projects increase adaptive capacity through one of the following measures: reducing exposure to hazards, climate-proofing key social infrastructure, strengthening local and national governance systems, increasing access to resources and strengthening social organization.

In total, the team assessed 2.19 billion USD of climate finance, 51% of total climate-related commitments received between 2013-2017. Using the individual assessments, the team was able to produce adaptation-relevance coefficients for each project, which allowed the adaptation-relevant portion of a project's climate-relevant budget to be calculated. This further enabled the team's adaptation finance figures to be compared to those which were reported by donors, who make use of the Rio marker method or a 3-step approach.

Key finding 5: In total, the team calculates that of the 2.10 billion USD of adaptation finance reported by donors across the 18 assessed projects, 770 million USD can be considered as over-reported, or 37%. Primarily arising in projects committed by Japan (425 million USD), the World Bank (156 million USD), France (98 million USD), the Asian Infrastructure Investment Bank (54 million USD), and Korea (32 million USD). Highlighting the high potential for inflated adaptation finance figures and a significant level of inaccuracy in current donor reporting methods.

A key contributor to over-reporting figures were Japanese projects provided through the Japan International Cooperation Agency (JICA), often Rio marked "significant" (1) for adaptation. This is because Japan is one of the few remaining developed country providers of climate finance to consider project budgets for projects with Rio markers of 1 as 100% relevant to the objective. In contrast, the majority of remaining donors use figures most often ranging between 30-50%. Our assessment analysed 7 JICA projects, amounting to 924 million USD of adaptation finance, or 44% of the total adaptation-related commitments under study.

Key finding 6: Of the 924 million USD reported as adaptation finance to the Philippines by the Japanese Government, only 54%, or 500 million USD, was estimated to be genuinely adaptation relevant following our assessments. This equates to an over-reporting of adaptation finance of 425 million USD by Japan to the Philippines.

The prevalence of loan instruments to support adaptation efforts in a vulnerable, developing country such as the Philippines, raises serious concerns particularly on the issue of fairness. It has been established that developed countries have accelerated climate change, which increases the brunt that developing countries have to carry to thrive under the new normal brought about by climate change. However, loan instruments force developing countries to carry an additional burden apart from its inherent vulnerabilities.

Key finding 7: Adaptation finance commitments assessed in the Philippines are primarily in the form of loans which comprise 93% of assessed climate commitments, or some USD 2.05 billion, covering 12 of the reviewed projects. Grants provided amounting to 153 million USD were allocated for building institutional capacity and for early recovery and rehabilitation support.

Chapter 5: Analysis of poverty orientation, gender and the Joint Principles for Adaptation

Chapter 5 assesses whether the 18 projects adequately integrate gender concerns, poverty orientations, and the Joint Principles for Adaptation within their design.

Poverty reduction is key to the achievement of the Sustainable Development Goals, including Goal 13 on Climate Action. While poverty and development form part of the larger framework for undertaking climate-related project, there are limited actions directed towards significantly improving the conditions and positions of marginalised communities. At the minimum, projects, especially those funded by the WB, are

observed to incorporate social safeguards to minimise negative consequences of the project to vulnerable sectors.

Key finding 8: Gender equality is not a key objective of the different adaptation-related projects. Vulnerability assessments lack gender analyses, and therefore result in projects with limited transformative potential in terms of gender equality and empowerment.

The tracked financial flows and projects are moderately compliant to the Joint Principles of Adaptation. There are examples from the ground that show very few spaces for stakeholder engagement due to the project's implementation design. In some assessments, project and financial management were highly rated primarily due to the comprehensive implementation strategy developed as part of the preparatory stage of the project. However, it is not an assurance that the project will benefit the most vulnerable.

It was also observed that most of the adaptation projects are primarily implemented by National Government Agencies (NGAs) through the support of technical consultants. Local governments and communities have limited participation in the design and management of the different projects.

Accountability as a shared responsibility

This report is part of the contribution of civil society towards accountability and good governance. The research partners recognise that the clamour for greater accountability in climate finance does not fall on a single entity, source of finance, implementer, recipient, or on civil society. All have crucial roles to play in ensuring that a higher level of accountability is achieved.

It is in the interest of the sources (and donors) to have other parties look at the actual implementation of projects because any new perspective can contribute to further improving and/or innovating support towards climate resilience.

The National Government should immediately recognize the importance of an established and institutionalised monitoring system for climate finance which can improve linkages of climate finance support from the international community towards national climate and development priorities. It can serve as a basis for cross-checking reports to the OECD and reaffirming commitment from bilateral/multilateral partners. Moreover, it should provide the necessary input to engender a more transparent, relevant, and efficient implementation of projects that will benefit the most vulnerable communities to climate change.

Similarly, civil society must continue to play a critical role in ensuring that climate finance address underlying causes of vulnerability including poverty and gender inequality. We are in an opportune position to look deeper into the financial flows and set the benchmark towards strengthening adaptive capacity and resilience.

1 INTRODUCTION

Climate finance is critical; however, it is also very limited. Effectively mobilizing climate finance cannot be achieved by simply increasing available finance for climate change-related projects, programs, and priorities. It is equally important to hold these mobilized finances to account and ensure that its implementation does not deviate from its design and intent, is efficient and equitable. Along with other objectives such as validating the inclusiveness of the financial flows in term of poverty and gender, and utilizing the Joint Principles of Adaptation (JPA) for a simplified assessment of the adaptation merits of the assessed financial flows, this report seeks to show a big picture of how climate finance is governed and how such mechanisms could be further improved.

This report is part of an international pilot project on adaptation finance tracking. The project builds on civil society assessments of international support for climate adaptation to six developing countries: Ghana, Uganda, Ethiopia, Nepal, Vietnam, and the Philippines.

The project aims to assess if multilateral and bilateral donors' reporting of adaptation finance is accurate and reliable. Earlier studies of international climate finance have indicated that donors tend to report higher amounts spent on adaptation activities than what is in fact the case on the ground. Although politically important, this subject has not been researched extensively.

It should also be noted that the scope of financial flows, or funds, to be assessed by the assessment team includes the 10 largest by budget with adaptation Rio markers in the Organisation for Economic Co-operation and Development - Development Assistance Committee (OECD-DAC) database and the 8 biggest funds that are intuitively related to adaptation funding, mostly from MDBs (i.e. adaptation-relevant projects without Rio marker allocations).

This report is only about adaptation finance going to the Philippines, however results from all six (6) countries will be summarized in a global report. The project is a pilot project in the sense that it aims to facilitate future adaptation finance tracking activities by others.

All seven reports from the assessments will be available at <https://careclimatechange.org/>.

All background material for this report on the Philippines can be found at <https://drive.google.com/drive/folders/1q2Lg6Dji5tUxJUTlYQD-h6P-wNlic7zF>

The assessments were conducted by a team of researchers from the Institute for Climate and Sustainable Cities (<https://icsc.ngo>) and ACCORD Inc. (<https://accord.com>). Each organization had a lead researcher and assigned specific projects to review. The final report was drafted jointly by the full assessment team. This team was assisted by a Steering Group that consisted of officials from the relevant government departments and local NGO network.

The assessment team wishes to thank members of the Steering Group for their guidance and support, the various government departments that provided documents to the team, officials from the different Project Management Units of the assessed projects, local government officials, and community members for their time and support for finalizing this assessment report on climate adaptation finance.

The project has been financed by CARE Denmark and CARE Netherlands, using public funds from Danida, and the Dutch government through the Partners for Resilience Strategic Partnership.

2 NEEDS FOR ADAPTATION FINANCE

2.1 INTERNATIONAL CONTEXT

Climate change impacts threaten the existence of humanity by putting extreme pressures on the integrity of ecosystems and capacities of human-made systems such as agriculture and production. The “Special Report on Global Warming of 1.5°C” underscored the direct link between keeping the global mean temperature increase to 1.5°C and maintaining a liveable world for future generations. According to Hans-Otto Pörtner, co-chair of IPCC Working Group II, “Every extra bit of warming matters, especially since warming of 1.5°C or higher increases the risk associated with long-lasting or irreversible changes, such as the loss of some ecosystems.” Success in limiting temperature increase to 1.5°C would allow developing countries to survive and thrive.

Finance is a critical driver that allows vulnerable countries and people to adapt to the effects of projected climatic changes, and to pursue sustainable development pathways. Curbing greenhouse gas emissions and increasing the resilience of the most vulnerable communities requires external financial support that should complement national allocations. To have the most impact and to meet the ambitious targets set by developing countries for mitigation and adaptation, such finance must be predictable, directly accessible to developing countries, and constantly increasing. However, funds available to meet such mitigation and adaptation needs have had to compete with other priority areas. In particular, public climate change adaptation finance continues to remain limited and constrained.

There are various definitions for climate finance, with each one overlapping with other concepts such as green finance or sustainable finance. Methods to account for climate finance at global, national, and local level are equally challenging. The definition of climate finance by the United Nations Framework Convention on Climate Change-Standing Committee on Finance (UNFCCC SCF) is widely accepted (Climate Policy Initiative, 2017) and says climate finance is “finance that aims at reducing emissions, and enhancing sinks of greenhouse gases and aims at reducing vulnerability of, and maintaining and increasing the resilience of human and ecological systems to negative climate change impacts.”

Mitigation finance usually pertains to funds allocated for reducing greenhouse gas (GHG) emissions and initiatives that seek to maintain or enhance GHG sinks and reservoirs (Climate Policy Initiative, 2017). On the other hand, adaptation finance is defined “as resources directed to activities aimed at reducing the vulnerability of human or natural systems to the impacts of climate change and climate-related risks, by maintaining or increasing adaptive capacity and resilience” (Climate Policy Initiative, 2017).

The Conference of Parties 15 in 2009 in Copenhagen, Denmark made a landmark pronouncement on climate finance by setting a goal of mobilizing USD 100 billion dollars per year by 2020 to address the needs of developing countries for both mitigation and adaptation. The Copenhagen Accord was expanded through the Cancun Agreements in 2010 which identified the Green Climate Fund (GCF) as the delivery system for these funds (Grantham Research Institute, 2018). Apart from the GCF, other multilateral climate financing mechanism, MDBs, and bilateral donors have continued channelling funds to developing countries through a variety of channels and modalities. Though the goal of mobilizing USD 100 billion by 2020 is still far from being realized, new studies are already reporting that financial needs for adaptation are much larger than previously computed. UNEP financing gap report states that adaptation needs might increase two to three times by 2030 and more by estimates for 2050 (Puig, Olhoff, Bee, Dickson, & Alverson, 2016). The Paris Agreement in 2015, was expected to build momentum to increased mobilization of climate finance. However, the apparent increase in finance commitments after the Paris Agreement was found wanting on closer inspection. Further, globally there remains an unequal split between adaptation and mitigation finance. In 2017, only 23% (12.9 Billion USD) was allocated towards funding adaption targets of a total 54.5 billion USD of public climate finance. Inclusive of mobilised private climate finance, totals in 2017 indicate the need for a 40% increase in the 3 remaining reporting years to reach the 100 billion USD target in 2020

(OECD, 2019). With the cloud of uncertainty hanging over climate finance from developed to developing countries in general, it is more imperative for developing countries to ensure that available public finance truly supports nationally set priorities and needs.

How vulnerable countries such as the Philippines approach climate finance utilization, especially from international sources, will determine the success of the low carbon and resilient development pathways for the countries. Ensuring that climate finance is allocated, disbursed, and spent on reducing vulnerabilities and ensuring low carbon development requires a holistic review of the country's existing climate finance frameworks and governance structures.

2.2 PHILIPPINE CONTEXT

The Philippines is one of the most affected countries by climate-related events from 1998-2017, ranking 5th in the Climate Risk Index (CRI) (German Watch, 2019). Climate impacts manifest recently as extreme weather and hazard incidents which resulted to some 23,000 deaths with 125 million individuals affected, and aggregated socio-economic damages amounting to 20 billion USD from 2000-2016 (ADB, 2016).

According to the Philippine Atmospheric, Geophysical, and Astronomical Services Administration (PAGASA), the country's hydrometeorological agency, there has been an average increase of 0.01° Celsius per year from 1951 to 2010. Climate projections show temperature rise by 0.9°C to 1.1°C in 2020 and 1.8° C to 2.2° C in 2050. There is also an expected increase in extreme rainfall but a general reduction in the number days with rainfall across the country, especially in Mindanao. Wet seasons can be expected to be wetter and dry seasons can be drier, which can result to floods and droughts, respectively. Climate projections are expected to negatively impact agriculture, water resources, energy, coastal ecosystems, urban infrastructure, and human health (USAID, 2017).

Exposure to multiple hazards, sensitivity of ecosystems to climate variability, and poor human development continuously threaten communities and limit their ability to build adaptive capacity. The poorest sectors of the country, particularly small-scale farmers and fisherfolk are disproportionately affected by changes in temperature resulting to significant reduction in agricultural production. In the last half-decade, the country has experienced strong El Niño which severely affected Mindanao, located in Southern Philippines. This resulted to deaths, hunger, and poverty amongst the communities affected by natural disasters and the protracted conflict between the state and non-state actors. Government resources and support from the international community remain inadequate to meet the evolving needs of the affected families.

In 2009, the Climate Change Act was signed into law which recognised the vulnerability of the country to climate impacts and outlined actions to mitigate risks and increase adaptive capacity. The National Framework Strategy on Climate Change (NFSCC) was then developed to provide strategic guidance for long-terms and medium-term plans of the government. Following this, the National Climate Change Action Plan (NCCAP) was drafted. The NCCAP identified seven intermediate outcome or key result areas that should guide the decision-making and programming of climate-related actions in the country: 1) food security, 2) water sufficiency, 3) ecological and environmental stability, 4) human security, 5) climate-smart industries and services, 6) sustainable energy, and 7) knowledge and capacity development. Addressing impacts in these areas are crucial "to build the adaptive capacities of women and men in the 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" (CCC Philippines, 2016). Adaptation is a significant priority for the Philippines and implementing the NCCAP requires additional external support.

The country's actual adaptation-financing gap has not yet been established. In the Climate Public Expenditure and Institutional Review (CPEIR) report, the unavailability of information on the incremental cost of adaptation for the "climate-proofed" government projects and programs constrained the level of analysis that the CPEIR can offer. CPEIR also shows how international finance tend to support very specific

types of projects such as infrastructure, which tend to bloat the figures because the whole amount is counted, not just the incremental costs of adaptation. The National Adaptation Plan (NAP), expected to start development in 2020, will play a strong role in guiding this process.

Currently, the country's discussions on adaptation finance needs are strongly linked to the disaster losses-driven narrative, such as the 3%-5% GDP losses during the typhoons Ondoy (Ketsana) and Pepeng (Parma) in 2009. It is still assumed that providing the same amount for climate change adaptation would allow the country to transition towards climate resilience through an adaptable economy. Following this logic, it is assumed that the country's annual adaptation finance need is between 884 million USD and 1.43 billion USD on the assumption that this is the 3% and 5%, respectively, of the 2009 Php1.415 trillion (USD29.46 billion) budget (average exchange rate when the 2009 budget was approved is \$1-Php48.03). However, typhoons Ketsana and Parma are not the strongest and most destructive typhoons anymore, which makes it logical to assume that the old benchmark has changed or would need updating.

The UNFCCC and the Government of Philippines are in the process of designing a technical assistance program for further needs assessment for adaptation in the country. To prepare for these developments, the Climate Change Commission has established a Climate Finance Systems and Services (CFSS), announced during the inception workshop for this research in May 16, 2019. The CFSS will be created to house climate information for the Philippines to allow the CCC to access the quality of climate-tagged finance and help inform better allocation of financial support to climate-related initiatives and to mobilize more international public climate finance.

3 OVERVIEW OF CLIMATE FINANCE

As mentioned in the previous sections, this research focuses on assessing internationally sourced climate-tagged funds for adaptation ('official development assistance'). The report covers only one side of the overall climate financing ecosystem of the country, excluding national budgetary appropriations.

This section of the report shows international commitments of climate finance for adaptation objectives from 2013 to 2017 as reflected in the OECD DAC database. The dataset captures committed climate finance from bilateral and multilateral resources. Most of these financial flows are classified using Rio (policy) markers, which use numerical equivalents of 2, 1, and 0 to determine the extent to which a project targets the adaptation objective. This research builds on the available database by adding a layer of analysis by providing a local perspective on the level of effectiveness of the marked funds and through checking the accuracy of the reporting.²

Funds marked with 2 are flows wherein the climate change adaptation objective is explicitly indicated in the activity documentation and is a fundamental reason for the design, 100% of such a project's budget will be considered as adaptation relevant. For funds where the objective is related to adaptation, but adaptation is not the primary reason for undertaking the activity, they are marked with 1. For such projects this study utilises a 40% budget coefficient, i.e. 40% of these projects' budgets are considered as adaptation relevant, in line with figures used by most sources of climate finance. Lastly, funds that are not related to adaptation or do not contribute to the realization of adaptation goals are marked as 0.

² Data on received climate finance in the Philippines was accessed from the OECD and analysed in 2018 to produce the figures in this report. Therefore, subsequent updates to the data, such as to the mitigation and adaptation breakdown of MDBs climate-related finance are not included.

According to the definition by OECD-DAC, “2” for both climate Rio markers is only possible upon explicit explanation from the reporting entities, which also means that normally there can only be one principal objective. As an example, a water management project which reduces greenhouse gas emissions by X or Y, could be assigned “1” for adaptation if it also includes adaptation/resilience activities. More explanation can be found in the OECD-DAC Rio Markers for Climate Handbook.

At some levels, analysis of the database reflected in this section includes adaptation, mitigation, and gender. A number of the reported cross-cutting projects received by the Philippines have been assigned “2” for both climate Rio markers (52 of 623 projects or around 8% by number). These are concentrated in projects reported by the United States (40), with Australia (3), Italy (2), Korea (2), United Kingdom (2), France (1), Spain (1) and the GCF (1).

The value of projects assigned “2” for both climate Rio markers in the Philippines totals 48.2 million USD, which is predominantly found in projects provided by the USA (40 projects accounting for 44.7 million USD overall years). The reporting of “2” for both adaptation and mitigation Rio markers is a trend which has risen gradually through 2013-2015 and sharply in 2016, where 24 of the 52 projects assigned “2” for both Rio markers can be seen. There were 14 projects assigned “2” for both mitigation and adaptation in 2017, curbing the upward trend seen in the previous 4 analysis years.

A total of 72 million USD (2%) of the reported climate-relevant commitments to the Philippines is considered as cross-cutting and targets both mitigation and adaptation.

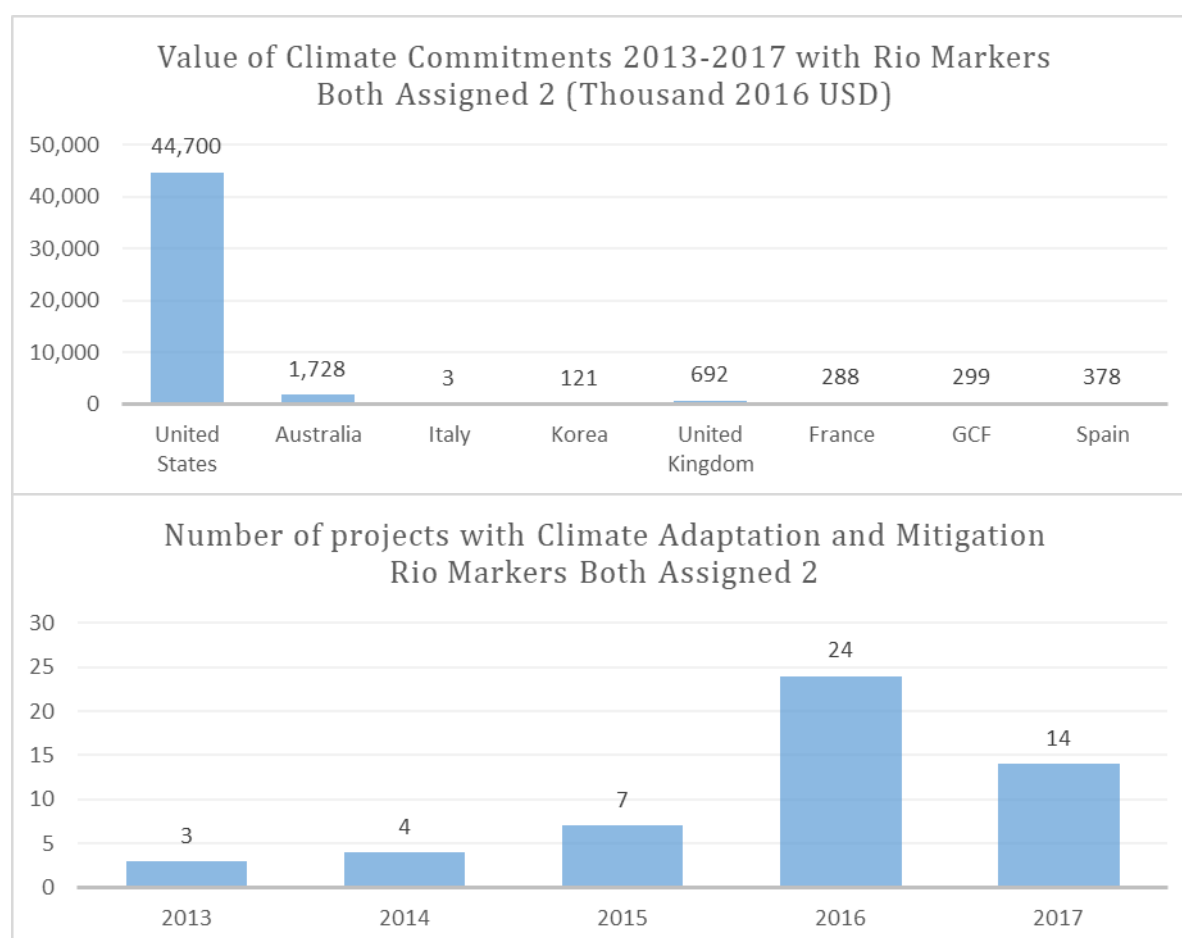


Figure 1 Distribution of value of commitments allocated 2,2 broken down by provider and number of projects allocated 2, 2 by year

A total of 623 climate-related projects were committed to the Philippines in the period 2013-2017, with the related total climate commitments summing to 4.34 billion USD. Of the 623 climate-related projects, 133 were committed in 2017, 121 in 2016, 127 in 2015, 116 in 2014 and 126 in 2013.

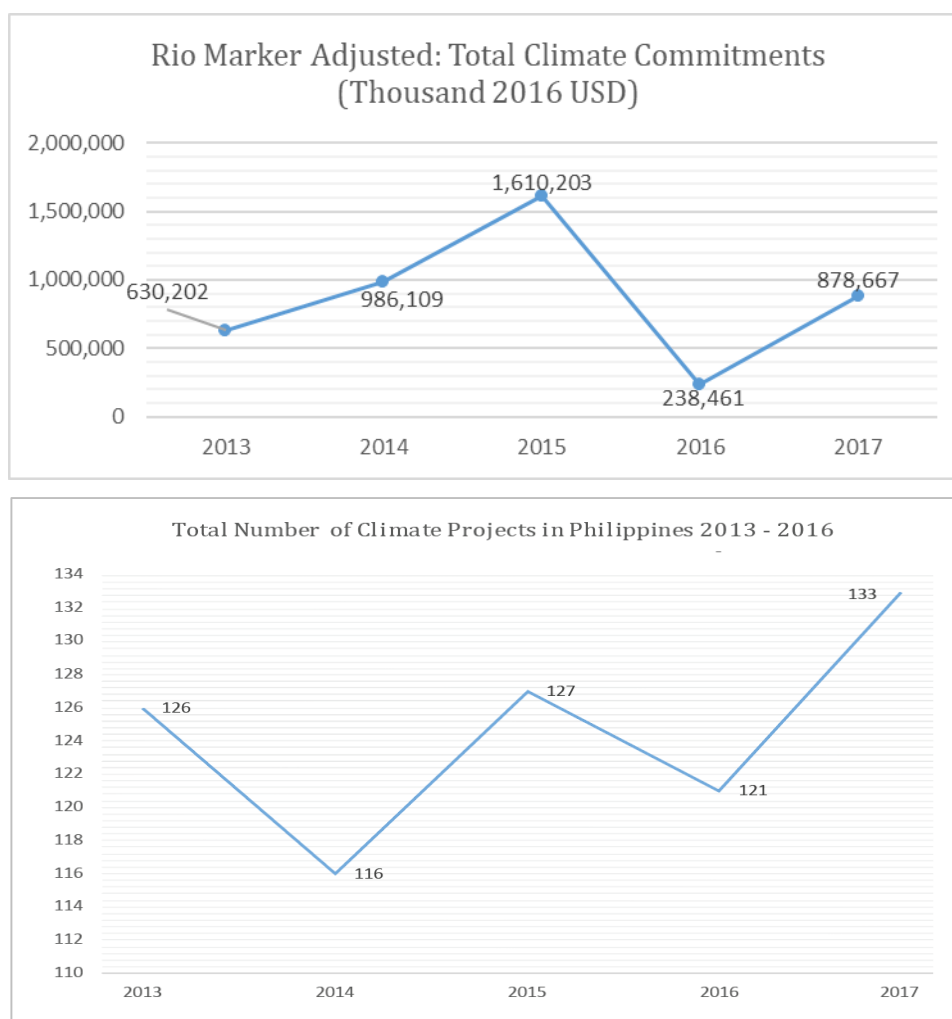


Figure 2 Distribution of climate related projects in the Philippines and their commitments values by year

Commitments in 2017 show a significant increase from the previous year, increasing by around 640 million USD to levels comparable with 2014 climate commitments. The total climate finance commitment averages out to 0.86 billion USD committed per year for the period. However, the actual commitments are not evenly spread over each year, with a significant peak in the year 2015, with the commitment amounts totalling 1.61 billion USD (Figure 3.2, top). This is in comparison to the following year, 2016, where climate commitments reach a significant low of 238.46 million USD – ending the trend of increasing annual commitments through years 2013, 2014 and 2015.

Tracing back to the sources

The largest providers of climate finance in 2017 were; the World Bank (WB) (229 million USD over 6 projects), the Asian Infrastructure Investment Bank (AIIB) (204 million USD in 1 project), the International Finance Corporation (IFC) (160 million in 2 projects), Japan (122 million USD in 24 projects) and France (110 million USD in 3 projects). Particularly large 2017 projects from these providers include: two WB adaptation projects of 85.7 and 83.7 million USD both part of the umbrella “Metro Manila Flood Management Project”; the AIIB’s 204.1 million USD adaptation project titled “Manila Flood Prevention”; and an IFC mitigation project totalling 147.5 million USD.

Over the entire period, Japan remains the largest provider of climate finance to the Philippines, providing around 47% of all climate-related finance flows. The next largest provider was the World Bank (WB), followed by the IFC, France, AIIB and Korea. Neither the Netherlands nor Denmark are providers of climate-relevant commitments to the Philippines.

Japan provided 2.03 billion USD over 94 projects spread across all analysis years (with 24 in 2017). The largest Japanese 2017 commitment, worth 50.9 million USD, was an adaptation titled “Cavite Industrial Area Flood Risk Management Project”. The largest Japanese commitment over the entire period, providing 823.5 million USD, was the 2015 mitigation “North-South Commuter Railway Project”, and was the largest single project provided to the Philippines over the analysis period.

The WB, IFC, France and AIIB have far fewer projects than Japan – 11, 6, 13 and 1 respectively. The WB financed 4 of its 11 projects in 2014, committing 352,109 thousand USD. The single 2015 WB project was comparatively larger and committed 497,822 thousand USD. The largest French project, and adaptation project titled “2eme Phase Reforme Fin Coll Locales” was committed in 2017, and valued 109.7 million USD, nearly double the value of any other single French commitment. Other notably large French projects, committed in 2016 and 2015, were almost equally split between adaptation (55 million USD) and mitigation (56 million USD), respectively, are not cross-cutting, and do not possess gender equality markers.

58 Korean projects committed 111.4 million USD in 2013-2017, the largest of which was an adaptation project in 2013 and provided 95 million USD, amounting for 85% of total Korean commitments.

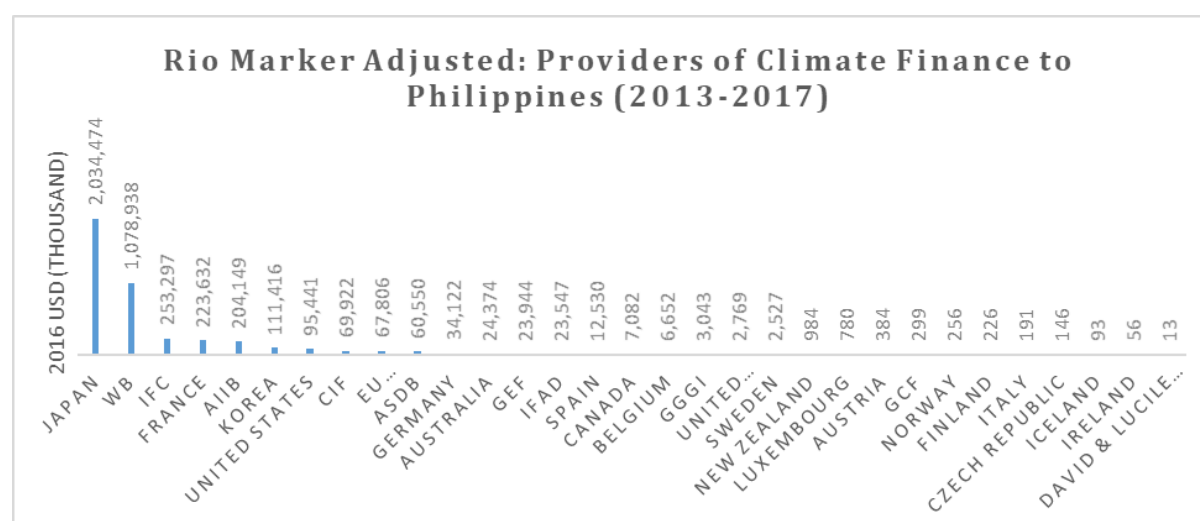


Figure 3 Adjusted Rio markers for funds to the Philippines from 2013 to 2017

Important Ratios

The Paris Agreement calls for a balance to be struck between climate finance for mitigation and for adaptation, addressing conditions and capacity constraints in the poorest and most vulnerable developing countries.

Ratio of Adaptation Finance (including 50% cross-cutting)	Ratio of Mitigation Finance (including 50% cross-cutting)
44%	56%

The ratio of adaptation and mitigation finance for the Philippines during the period 2013-2017 leans towards mitigation, with 1.47 billion USD committed for adaptation projects compared to 1.87 billion USD for mitigation projects. When cross-cutting figures are divided between the two objectives, the ratio stands at 44% (2013-2016: 34%) finance committed to adaptation, and 56% (2013-2016: 66%) for mitigation. This still represents a sizeable imbalance.

The initial analysis of the OECD data show that 12 of the 18 climate-related projects reviewed were in the form of loans provided to the Philippines. The loans amount to 2.05 billion USD or some 93% of the total climate finance reviewed for this study. Grants provisions amounted to 152 million USD and were primarily for building institutional capacity and for recovery and rehabilitation support from Typhoon Haiyan. This trend raises concerns particularly because Philippines has to carry the brunt of climate change impacts, despite have negligible contributions to the overall carbon emission when compared to more economically well-off, developed countries. Having to carry the additional burden of loans will further disadvantage an already vulnerable country.

In conclusion, using the overview information, it can be said that there two major challenges that the Philippines must address: (1) *How to achieve a more balanced split between adaptation and mitigation in its climate finance portfolio?*; and (2) *How can the country build a better case that as a developing country, climate funds, especially for adaption are preferred to enter the country as grants and not loans?* Addressing these challenges would allow the country to influence the direction that the sources of climate financing would take in the future.

4 ANALYSIS BASED ON PROJECT DOCUMENTS AND OBSERVATIONS

4.1 BRIEF OVERVIEW OF THE METHODOLOGY

This section presents the findings that were obtained from the assessment of the 18 largest climate adaptation projects implemented in the Philippines from the period of 2013- 2017. The study followed a multi-step process that builds on the OECD-DAC database by drawing linkages between climate finance commitments of developed countries (and multilateral development banks) and identified adaptation-related projects. The criteria used for the selection of the projects were:

1. Largest projects in terms of financial value; which usually has no Rio markers (unmarked multilateral development banks projects), but could have adaptation merits
2. Projects with Rio markers of 1 or 2 for adaptation;
3. Projects with gender markers

The main methods of data collection were desk reviews of available project documents (proposals, evaluation reports, periodic implementation reports, news articles, etc.) and interviews of key resource persons. The information from both data sources were analysed to assess the relevance and quality of the projects with regards to climate adaptation, and to approximate its adaptation-relevant contribution to the country. Four tools for analysis were used by the study: 1) “3-step approach”, 2) Poverty Orientation, 3) Gender Orientation, and 4) the Joint Principles of Adaptation.

A total of 18 projects were reviewed as part of the study and for each, individual assessment reports were drafted. No documents could be retrieved from the Germany funded Typhoon Yolanda Project. Field validation through discussions with relevant national government agencies (NGAs)/ project implementing units (PIUs) were completed for 12 of the 18 projects. Local/community level validation were only undertaken for 9 of the 18 projects. Moreover, an advisory group composed of the Climate Change

Commission (CCC), Department of Finance (DOF), National Economic and Development Agency (NEDA), Congressional Policy Budget and Research Department (CPBRD), Senate Economic Planning Office (SEPO), and *Aksyon Klima Pilipinas* (AK) was organised to provide guidance and ensure relevance of the study to the climate finance priorities of the government and civil society organisations.

The list of projects selected for this study are the following:

Project name	Abbreviation	CRS ID	Climate-related commitment reported to the OECD (USD thousand)	Financial instrument	Short description
World Bank: Second Disaster Risk Management Development Policy Loan with a Catastrophe-Drawdown Option	WB DPL CAT-DDO	2015029049	497,822	Loan	Second Disaster Risk Management Development Policy Loan with a Catastrophe- Drawdown Option (WB DPL CAT-DDO) is an ongoing 500 Million USD project aimed at enhancing technical and financial capacity of the Government of the Philippines to reduce disaster risk and manage socio-economic and fiscal impact of disasters.
Japan: Post Disaster Standby Loan	JPN Standby Loan	2014003040	470,344	Loan	Post Disaster Standby Loan (JPN Standby Loan) is a 470 Million USD project from Japan.
AIIB: Manila Flood Prevention	AIIB Manila Flood	2017000013	204,149	Loan	Manila Flood Prevention (AIIB Manila Flood) is a co-funding project with the World Bank aimed at improving the flood management in selected areas of Metro manila. The project co-finances the World Bank Metro Manila Flood Management Project.
World Bank: Metro Manila Flood Management Project	WB MM Flood	2017027287 2017027290	188,948	Loan	Metro Manila Flood Management Project (WB MM Flood) is loan project through the World Bank. The objective of the project is to improve the flood management in selected areas of Metro manila. The project is co-financed by the AIIB Manila Flood Prevention Project (Project 3) and the

					Government of the Philippines.
Japan: Cavite Industrial Flood Risk Management Project	JPN Cavite FRMP	2017003086 2017003087	146,792	Loan	Cavite Industrial Flood Risk Management Project (JPN Cavite FRMP) is a loan from the Japanese Government. The objective of the project is to mitigate flood risk through the construction of flood protection measures in Cavite Province, thereby contributing to sustainable and stable economic development in the area.
Japan: Non-revenue water improvement in the west zone of Metro Manila (1)	JPN Non-revenue Water (1)	2017003500	120,259	Loan	Non-revenue water improvement in the west zone of Metro Manila (1&2) (JPN Non-revenue Water) is a loan from the Japanese Government. The project aims to achieve an efficient water supply with little water loss by supporting non-revenue water improvement programs.
France: Local Government Finance and Fiscal Decentralization (LGFFD) Program	France LGFFD	2017168300	109,688	Loan	Local Government Finance and Fiscal Decentralization (LGFFD) Program is a loan from the French Government. The objective of the project is to improve and balance the distribution of financial resources at local level, strengthen public finance management, and develop governance, transparency and accountability in local authorities.
Korea: The integrated Disaster Risk Reduction and Climate Change Adaptation (IDRR-CCA) measures in	Kor IDRR-CCA	2013002143	95,007	Loan	The Integrated Disaster Risk Reduction and Climate Change Adaptation (IDRR-CCA) measures in the Low-lying areas of Pampanga Bay Project (KOR IDRR-CCA) is a 94 Million USD loan from the Korean government. The project aims to protect life

the Low-lying areas of Pampanga Bay Project					and minimise damages to properties from perennial flooding in the area.
Japan: Flood Risk Management Project for Cagayan de Oro River	JPN FRMP-CDOR	2015003020	106,686	Loan	Flood Risk Management Project for Cagayan de Oro River (JPN FRMP-CDOR), 104 M USD loan from the Japanese Government. The objective of the project is to strengthen the resilience of the communities along the Cagayan de Oro River stretch from the Macajalar Bay to the Pelaez Bridge to climate change and other hydrometeorological hazards by mitigating flood risk.
EU: Access to Sustainable Energy in the Philippines Programme	EU ASEP	2014000321	67,806	Grant	Access to Sustainable Energy in the Philippines Programme (EU ASEP) is a grant provided by the European Union. The programme aims to assist the Government of the Philippines in expanding its sustainable energy generation to meet the growing needs of its economy and provide energy access to the poor and marginalised in accordance with the Philippine Development Plan.
France: Integrated Flood Risk Management Sector Project	France IFRM Project	2016104600	55,291	Loan	Integrated Flood Risk Management Sector Project (France IFRM Project) is a 55 Million USD loan project aimed at enhance disaster resilience by reducing flood risk in six river basins, namely: Apayao-Abulog and Abra in Luzon; Jalaur in Visayas; and Agus, Buayan-Malungon, and Tagum-Libuganon in Mindanao), through strategic and community-based flood risk management (FRM).

Japan: The Programme for Rehabilitation and Recovery from Typhoon Yolanda	JPN Yolanda	2014010013	43,272	Grant	The Programme for Rehabilitation and Recovery from Typhoon Yolanda (JPN Yolanda) is a 46 Million USD grant provided by the Japanese government. The objective of the project is to comprehensively support the process of recovery and reconstruction of the areas affected by Typhoon Yolanda and the formulation of a disaster resilient nation/society, taking lessons learned from past disasters in Japan into consideration.
Japan: Non-revenue water improvement in the west zone of Metro Manila (2)	JPN Non-revenue Water (2)	2017003506	29,586	Loan	Non-revenue water improvement in the west zone of Metro Manila (1&2) (JPN Non-revenue Water) is a loan from the Japanese Government. The project aims to achieve an efficient water supply with little water loss by supporting non-revenue water improvement programs.
IFAD: Fisheries, Coastal Resources, and Livelihood Project	IFAD Fisheries CoRaL	2015300169	29,825	Loan	Fisheries, Coastal Resources, and Livelihood Project (IFAD Fisheries CoRaL) is a 29.9 Million USD loan from IFAD. The project aims to reduce poverty in the target coastal communities by ensuring that the coastal communities sustainably manage their fishery and coastal resources.
Germany: Typhoon Yolanda Reconstruction Program	Germany Yolanda	2014001089	14,860	Grant	Typhoon Yolanda Reconstruction Program (Germany Yolanda) is a 5.9 Million USD grant from the German Government.
Aus: Philippine Social Protection: Community-led classroom and daycare construction	Aus- Social Protection	2014000104	9,181	Grant	Philippine Social Protection: Community-led classroom and daycare construction (Aus- Social Protection) is a 11 Million USD grant from the Australian Government. The project objective is to improve access of targeted poor communities to early

					childhood learning activities by supporting the construction and rehabilitation of classrooms and daycare centres.
USA: Pacific-American Climate Fund- Clean Productive Environment	USA Pac-Am Climate Fund	2014030164	10,898	Grant	Pacific-America Climate Fund- Clean Productive Environment (USA Pac-Am Climate Fund), grant 7.6 Million USD from US Government. The project aims to provide grants to civil society organizations to reduce long-term vulnerabilities associated with climate change.
Japan: TC Aggregated Activities	JPN TC Aggregate	2014950936	6,832	Grant	TC Aggregated Activities (JPN TC Aggregate) is a technical assistance grant from the Japanese Government.
Assessed climate-related commitments (thousand USD)			2,207,282		
Total climate-related commitments 2013-2017 (thousand USD)			4,343,643		
Assessed finance as a percentage of total received climate finance commitments			51%		

Table 1 List of Climate-related Projects Assessed

4.2 RELEVANCE TO CLIMATE CHANGE (3-STEP ASSESSMENT)

The adaptation (and mitigation) relevance of a development project is assigned by most donors by allocating a 'Rio marker' to a project of 0, 1 or 2 to indicate an objective was "not targeted", a "significant" objective, or a "principal" objective, respectively. A "significant" marker would indicate adaptation and/or mitigation objectives are explicitly stated but not the fundamental driver or motivation for undertaking and designing the activity. Whereas a "principal" marker shows that the objectives are explicitly stated as fundamental in the design of, or the motivation for, the activity. Additionally, donor countries have the obligation to inform at project level about policy markers for gender equality.

Rio markers are applied to relevant projects by all developed country providers of ODA and climate finance, and also by multilateral organisations other than the MDBs. Importantly these Rio markers are the basis for the calculation of international flows of climate finance using the so-called 'Rio marker method' of climate finance accounting – which is utilized by all providers excluding the US, UK and MDBs. Through the Rio marker method, Rio markers of 2 result in 100% of a project's developmental budget being considered as climate finance, whilst Rio markers of 1 result in lower coefficients being used by almost all donors to report only a portion of the project's budget as climate finance. Where projects are assigned both mitigation and adaptation markers, i.e. cross-cutting projects, a variety of climate finance accounting methods are used by different donors to determine levels of provided climate finance going to each objective.

Whilst bilateral and some multilateral donors report Rio markers to the OECD, this is not the case with the MDBs who have their own “climate components” method of calculating the climate finance resulting from their projects. The method is published, in part, in their annual Joint Report on Multilateral Development Banks’ Climate Finance and Common Principles for Climate Change Adaptation Finance Tracking documents. The method results in a granular percent figure indicating the climate-relevance of a given project, and the portions of its budget going towards adaptation and mitigation budgets. For adaptation finance, the amounts reported by the MDBs are only the incremental cost of adaptation within the project.

Due to the limitations of international estimates of climate finance when calculated using a simple and limited set of coefficients relating to combinations of Rio markers, our approach, builds on and adapts existing methodologies such as the MDB’s. Allowing assessments to produce adaptation finance figures and assess the relevance and quality of an adaptation project’s activities.

To assess a selection of adaptation projects, the quality of their activities and resulting accuracy of their reporting the team selected 23 projects for assessment, including the 10 largest received over the period in Vietnam. The team then followed a multi-step process, which drew on a compilation and analysis of international climate finance flows to Vietnam. The methodology follows a 3-step approach analysis informed by the MDB’s jointly agreed “Common Principles for Climate Change Adaptation/Mitigation Finance Tracking” to assess the adaptation-relevance of development projects, which includes 3 guiding strands, or steps:

- (1) Climate vulnerability context: How well does the project set out the context of risks, vulnerabilities and impacts related to climate variability and climate change?
- (2) Statement of Purpose or Intent: Is the intent of the project to address the identified risks, vulnerabilities and impacts related to climate variability and climate change?
- (3) Link to Project activities: Is there a demonstrated direct link between the identified risk, vulnerabilities and impacts, and the financed activities?

Project activities were rated based firstly on the project documentation, and, where possible, also by the collective observations of the Assessment Team and collaborating CSO networks. These two sources of evidence result in two strains of analysis. In this way, a comparison between the planned and actual initiatives can be established and used to inform our analysis of the quality of adaptation activities.

A rating scale of 0-10 was applied to assess how strongly the project performs against each of the three analysis steps. With 0 being the lowest rating, indicating the project does not at all address the guiding questions and 10 being the highest rating which indicates the project fully address all aspects of the guiding questions. The resulting project rating after the 3-step analysis was then used to produce an adaptation-relevance coefficient, as presented in Section 4.5, which allows the calculation of adaptation finance figures from a project’s total climate finance figure. Allowing the comparison of this report’s assessed adaptation finance figures with those reported by the donors themselves to the OECD-DAC.

4.2.1 Step 1: Climate Vulnerability Context

Climate adaptation projects implemented in the Philippines are generally development interventions aimed at protecting investments, strengthening institutional capacity, and sustaining economic growth. The vulnerability context outlined in the projects reviewed include either 1) an analysis of the aggregated impact of disasters to national or sub-national development and economic goals, and/or 2) a technical analysis of hazard exposure and environmental and/or economic vulnerability of a specific geographic location/ sector. Disaster events, particularly Typhoon Haiyan (Yolanda), Washi (Sendong), Ketsana (Ondoy), and the Pinatubo Eruption, were pivotal in the analysis of risk of both the country and specific localities. The lens used in long term vulnerability assessments are usually confined in the national levels, which underemphasizes local specificity and targeting.

Exposure and sensitivity of systems to hazards were the primary variables included in the vulnerability assessments. A number of projects utilised climate information, hazard assessments, environmental impact

assessments in establishing the need and feasibility of the project. Infrastructure interventions, (i.e., JPN FRMP-CDOR, KOR IDRR-CCA, WB MM Flood Management) include comprehensive technical assessments which served as the basis for the engineering design and the implementation strategy. Some projects used long term return-periods of specific hazards such as flooding to further strengthen its rationale.

However, it can be noted that analysis of *adaptive capacity* remains limited across projects. Assessment of coping capacity of government institutions to disaster events form part of the analysis for only some of the projects reviewed i.e. WB DPL CAT-DDO and its linked project Japan's Post Disaster Stand-by loan. Access to the loan component of the two projects cited above is triggered by an extreme event as expressed by the government's declaration of national state calamity. Comprehensive analysis of the local context and vulnerability is currently not part of the drawdown requirement.

The graph below shows the variability in the ratings for the projects climate vulnerability contexts based on the review of project documents. Five (5) rated high (7-10), seven (7) median (4-6), and four (4) low (0-3), with the German Yolanda Project not having a score due to lack of access to relevant documents. The projects with the highest rating for this category based on the project documents are the WB DPL CAT-DDO, Japan CI-FRM, France IFRM, and the Japan Yolanda Recovery project.

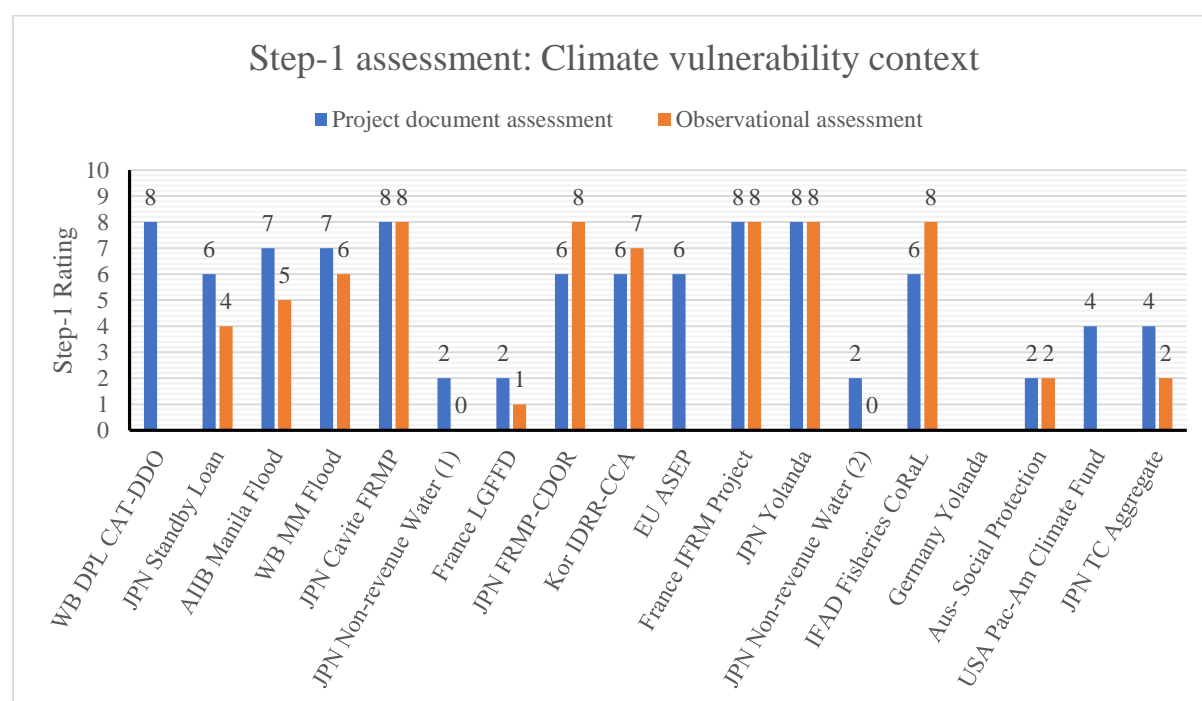


Figure 4 Analysis of Climate vulnerability context - summary of project ratings

Similarly, those that scored high based on documents, consistently received high rating following field validation. Field observations also resulted to an increase in the rating of some projects: IFAD Fisheries, Coastal Resources and Livelihood Project, Japan Flood Risk Management Cagayan De Oro River Project (FRIMP-CDOR), and the Japan CI-FRM. Discussions with local community showed that in the course of implementation, changes in the project were made in recognition of the inputs of local stakeholders and their knowledge of their community.

In all the highly rated projects, a comprehensive analysis of disaster and climate risks form part of the preparatory/ feasibility study. In almost all cases, disasters and climate change are perceived as inextricably associated, with climate change exacerbating extreme weather and climate events putting vulnerable communities at risk to disasters. Historical information, geophysical and environmental

conditions, and developmental contexts were components of the analysis. Assessments were more frequently undertaken independently by technical consultants accredited by the loan/grant provider.

Loans/grants from the World Bank, European Union, Japan Government are the projects with the most robust climate and disaster risk assessments. In the case of the World Bank, projects reiterated their commitment to the Country Partnership Strategy (CPS) with the Government of the Philippines, which include specific engagement areas on climate change and disaster risk reduction.

It is also notable that WB PRDP's rating increased after field validation, because the project implementers and local partners adopted the project's objectives through their very own local, specific climate risks assessments. The project's design allowed such flexibility.

The projects with the lowest rating from project documents are the France Local Government Finance and Fiscal Decentralization (LGFFD) Program and the Japan Non- Revenue Water Improvement Project in the West Zone of Metro Manila. The France LGFFD project only mentioned the country's exposure to natural disasters in its context analysis and the role that local authorities have in reducing risks and adapting to climate change. However, no specific climate-relevant information or vulnerability analysis can be found in the document. The Japan Non-Revenue Project (1&2) on the other hand include a comprehensive assessment of natural/physical, social, and environmental conditions of West Metro Manila, however, there is no link to the information to the objective and design of the project and only served as due diligence assessments.

It must be noted, that the WB DPL CAT-DDO, EU ASEP, US Pac Am Climate Fund reflect 0% but show blank score in the numerical rating for assessment from observation. The blank refers to *n/a* as no local validation were conducted for the said projects. Therefore, the 0% does not reflect an actual score and should not be included in the generalisation for this section.

However, adopting the approach of using government-led strategies to check the implementation of key funds such as the WB DPL CAT-DDO and Japan Post Disaster Stand-by Loan, which are both part of the country's disaster risk finance strategy would allow further investigation. Japan's stand-by loan got a lower score from observations because its design doesn't put premium on identifying climate vulnerabilities and instead focus on financial liquidity. The way it was utilized also diminished the role of climate change in its considerations.

4.2.2 Step 2: Statement of Purpose or Intent

Statement of Intent is generally linked to gaps identified through the vulnerability context project. The objectives range from institutional reforms at the national level or actions directed to mitigate the possible impact of specific hazards, i.e. floods. Similar to the observation in Step-1: Climate Vulnerability Context, the Statement of Intent underscores the strong linkages of the climate-finance project to the achievement national/sub-national development and economic goals. Further, some project objectives are geared towards influencing and shaping national policies but remain committed to achieving the same development goals. i.e. JPN Stand-by loan, WB DPL CAT-DDO, EU ASEP, French LGFFD.

The projects that were highly rated based on project documents is the WB CAT-DDO. Local validation showed high relevance of project objectives in the IFAD Livelihoods Programme, Japan CI-FRM, and the Japan Yolanda. As discussed earlier, local tracking was not undertaken for WB DPL CAT-DDO, EU ASEP, and US Pac Am Climate Fund thus was excluded from the analysis of local data.

It can be noted that projects that obtained low scores in the first component Climate Vulnerability appear to also score low in the succeeding component: Project Objectives. These projects include France LGFFD and Japan TC Aggregated Activities. This may be explained by two factors; firstly, climate vulnerability assessment is poor or did not form part of the preparatory analysis, secondly, climate adaptation is not the key component for the project and thus, was not relevant. These same projects were rated poorly for Step-2 for both methods of desk review and field validation.

Specific for the EU ASEP, an example of a cross-cutting project, the score for the Step-1 was relatively median, however further analysis of the project documents reveals a 60:40 ratio between mitigation and adaptation activities, respectively. The Step-2 score therefore reflects that less than half of the project, in terms of its objectives and outcomes, can actually target adaptation activities.

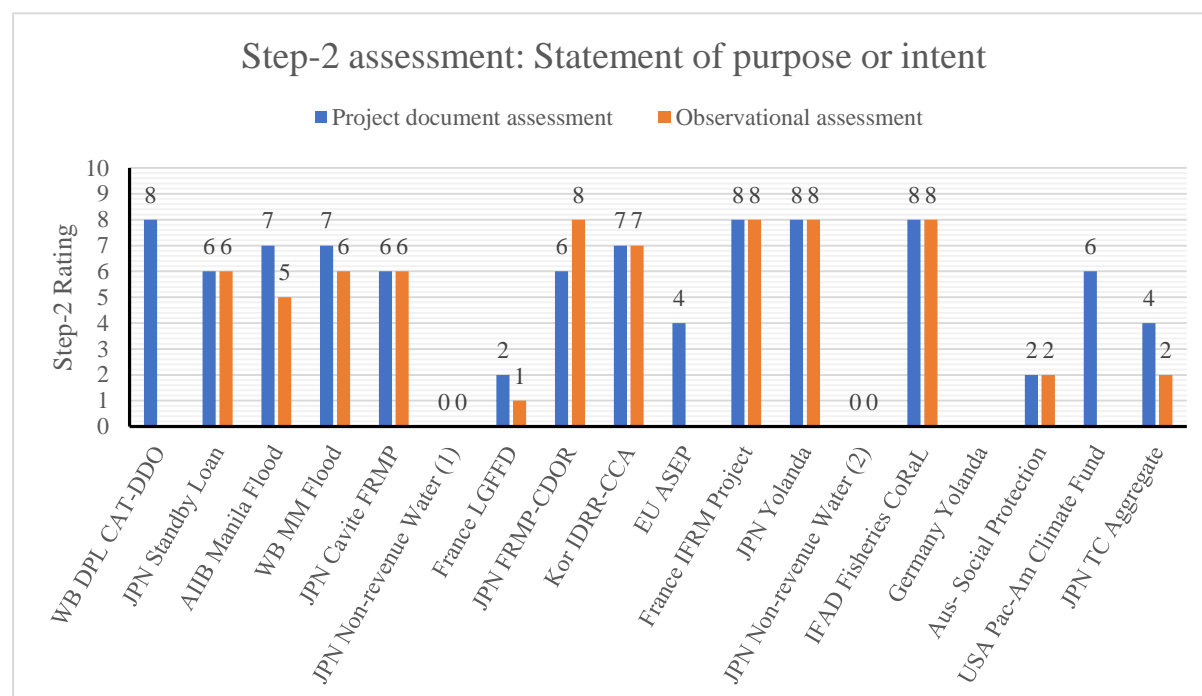


Figure 5 Analysis of statement of purpose or intent - summary of project ratings

Highly rated projects on the other hand show clear linkages between the climate vulnerability context and activities, and clear contributions to National policies and programmes of the government. Such national level plans include the Philippine Development Plan (PDP), DRRM Act of 2010 and the National DRRM Plan, Climate Change Act of 2009 and the National Framework Strategy on Climate Change (NFSCC), Build, Build, Build Programme, and the National Community Driven Development Program (NCDDP). Projects including Japan Yolanda, Germany Yolanda contributes to the Recovery and Rehabilitation Plan of local governments. However, in some cases, while project relevance is high to specific geographic locations, direct linkage to provincial and municipal level plans of relevant municipalities are not evident. This may be partially attributed to parallel programming by the National and Local government. i.e. Japan FRMP-CDOR.

4.2.3 Step 3: Clear and direct link between climate vulnerability and project activities

Activities were consistent with achieving the objectives identified in the project documents. Activities of the different projects reviewed are geared towards increasing adaptive capacity through one of the following measures: reducing exposure to hazards, climate-proofing key social infrastructure, strengthening local and national governance systems, increasing access to resources and strengthening social organisation.

Highest rated projects based on the documents are WB-AIIB Metro Manila Flood Management Project, WB DPL CAT-DDO, IFAD, Japan CI-FRM, France IFRM. Local validation on the other hand consistently include the IFAD project, France IFRM, and Japan CI-FRM.

The highly rated projects provide robust multi-sectoral and multi-result activities. All these projects address key problems through a comprehensive set of activities built on a strong climate vulnerability context. Highly rated activities also provide for safeguards in their implementation to ensure negative impacts are minimised.

Lowest rated projects are the France LGFFD, JPN Non-Revenue water (1&2) and the Japan TC Aggregated Activities with ratings ranging from 0-3. As explained in the previous section, these projects primarily address concerns other than climate adaptation. i.e. decentralization, water efficiency.

The USA Pac-AM Climate Fund on the other hand is in the median but shows ambiguity. Documents show that project explicitly aims to address climate adaptation needs, however funds are only coursed through the country office of USAID but was spent elsewhere. It does not contribute directly to addressing adaptation needs in the country. Pacific islands including Tuvalu, Fiji, Solomon Islands etc. are the beneficiaries of the said project.

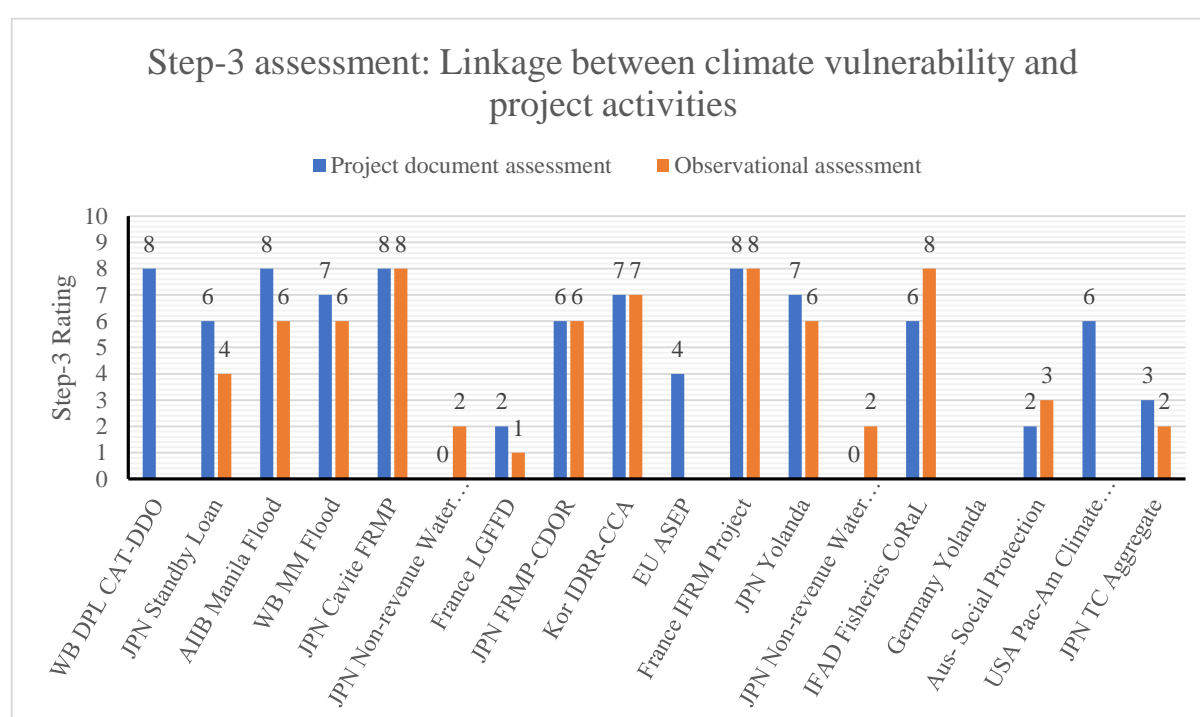


Figure 6 Analysis of the linkage between climate vulnerability and project activities - summary of project ratings

The majority of the projects reviewed include infrastructure development as a key component. Common activities include improved flood conveyance through construction of dikes and floodwalls, construction of government facilities, and the construction of public infrastructure. Non-structural activities are more often complementary and include resettlement, support for livelihood development, capacity building activities, and the provision of technical assistance.

Mainstreaming disaster risk reduction in the projects and in relevant sectors is also evident. Risk proofing investments, particularly infrastructure investments, integrate a range of 25 to 50-year degree of protection. The Japan FRMP CDOR is a key example of a project that integrates climate information by redesigning the project based on the inputs of the local government, private sector and the academe. Moreover, risk transfers were identified as a key strategy for risk management for some of the projects, particularly WB DPL CAT-DDO and the EU ASEP programme. Many of the higher scoring projects

consistently include technical assistance from consultants in the project design to ensure quality programming.

Local level tracking of the projects shows that generally, communities and local governments recognise that the intended outcomes of the projects are beneficial to them. Benefits include protection from hazards, improved socio-economic conditions, access to key basic services, among others. However, in some cases, ongoing project activities have created potential negative impacts to the poorest and most vulnerable populations, for example the implementation of JPN FRMP-CDOR resulted in risking two displaced sub-communities from being trapped or boxed-in between two floodwalls; and the displacement of households in the WB-AIIB MM Flood project.

4.3 COMPARISON OF DONOR REPORTED AND ASSESSED ADAPTATION-RELEVANT FINANCE

Following the assessment using the “3-step approach”, the 0-30 ratings were used to outline the *adaptation-relevance of each project* as a percentage (see figure 4.4. below). These percentages, or coefficients, can then be used to adjust the climate-related commitments as reported to the OECD-DAC database by donors, to effectively approximate the amount of adaptation finance flowing to the country through each project. The adaptation finance figures resulting from the usage of the adaptation-relevance coefficients produced through our assessments are further compared to the adaptation finance figures reported by donors using the Rio marker approach (or the MDBs own method). This comparison allows us to determine the accuracy of a donor’s reporting. The assessed adaptation-related finance column in Table 4.2 below is therefore calculated from the consolidated score of the 3-step approach.

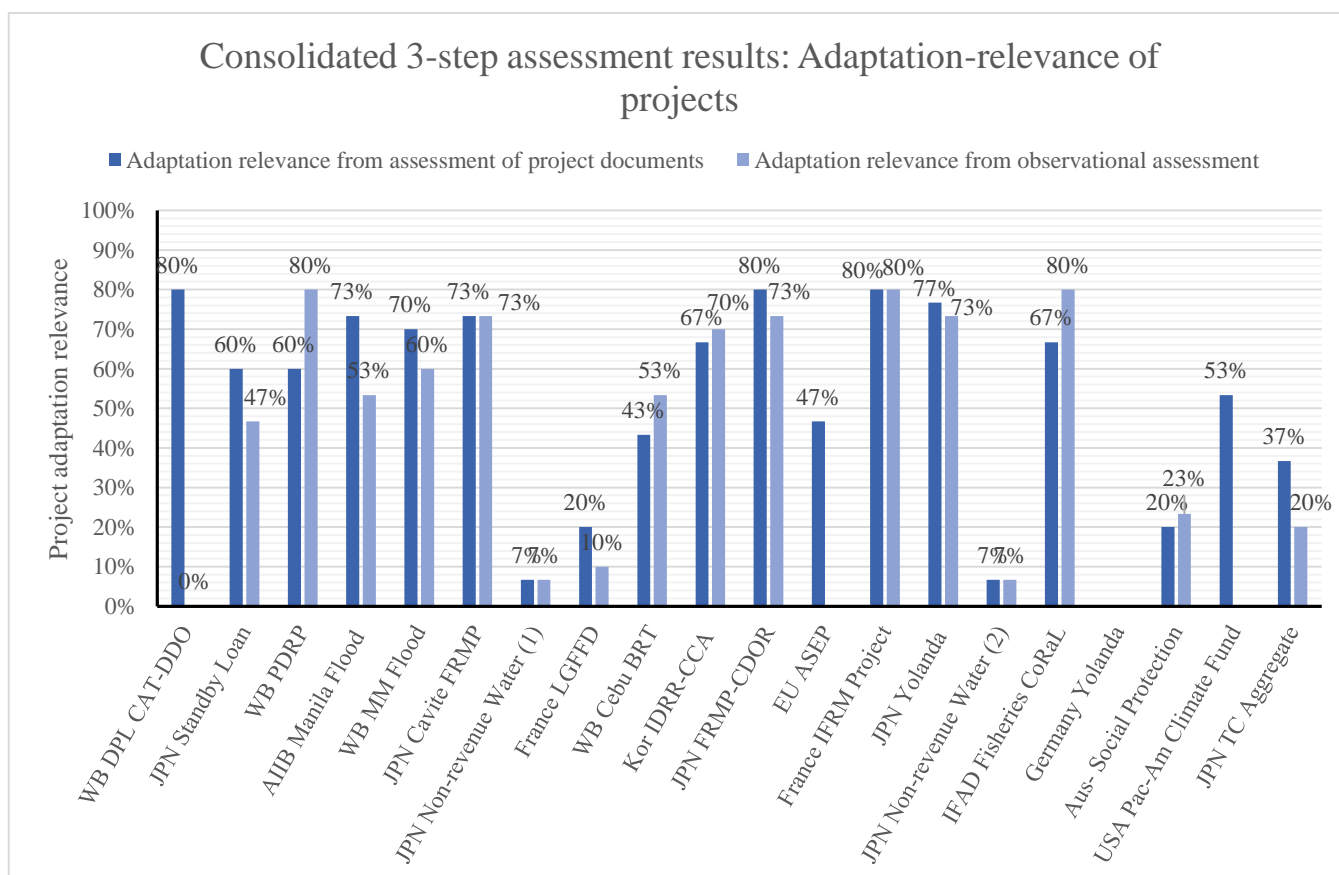


Figure 7 The adaptation-relevance of each assessed project: consolidated analysis of the 3-step approach.

Excluding the Germany Yolanda Project (not able to access documents), the total climate-related finance projects covered by the study is 2.2 billion USD. Of which, 95%, or 2.1 billion USD, is reported by development countries and multilateral providers as adaptation-related finance. MDBs, including the World Bank do not apply Rio markers, yet report the specific (incremental) cost of adaptation to their projects to the OECD, and therefore these figures are used without further adjustment.

Adaptation-related finance based on the analysis of project documents totals 1.37 billion USD. As a result we find **770 million USD of over-reported adaptation finance** across the assessments. In comparison, looking at the consolidated ratings from observational assessments (local validation) the **overreporting further increases to 785 million USD**.

Under-reporting of adaptation finance is observed for only three projects amounting to 40 Million USD when assessed using project documents. In general, this shows that only 50-60% of the adaptation finance reported by donors effectively contributes to increasing the adaptive capacity of the country.

These over-reporting figures arise from the same projects that were poorly rated in the “3-step approach”: Japan Standby Loan (188 million USD), WB DPL CAT-DDO (100 million USD), France LGFFD (88 million USD), and the Japan Non- Revenue Water (112 million USD). The Japan Standby-Loan was rated poorly during local validation as funds designed to support disaster rehabilitation and recovery were utilized by the DOF to pay outstanding loans to stabilize the economy, thereby limiting its *direct* contribution towards addressing identified climate risks/vulnerabilities outlined in the proposal. The France LGFFD and Japan Non-revenue, as explained earlier, did not have climate adaptation as their primary objective.

OVER-REPORTING OF CLIMATE ADAPTATION FINANCE: JAPAN

Of the total overreported amounts, Japan is responsible for 55% (424 million USD) of the total overreported amount. This can be attributed to: first, reporting 100% of the total amount of the climate-tagged finance regardless whether the Rio marker score is 2 or 1. The figures from the seven Japan-funded projects reviewed reflect bloated estimates. Disregarding what should have been an obvious distinction between 2 and 1 scores reduce the possibility of the reporting accurate figures. Second, most of the projects' intentions, designs, and implementation do not have the minimum elements for it to be considered as an adaptation project. The elements that could have supported the narrative that they are adaptation projects are not enough or at worse not present. Corrective measures should be done to ensure that the overreporting is addressed because it creates a picture totally void of reality.

Further, the inability to account for the WB (except for the MM Flood Mngt Project) climate finance contribution (total of 850 billion USD) due to lack of benchmarking also limits the analysis of climate finance. WB projects, however, were observed to be at least 69% (592 million USD) relevant to adaptation.

On loans vs grants:

Climate finance commitments in the Philippines are primarily in the form of loans which comprise 93% of total climate commitment budget or some 2.05 billion USD covering 14 of the reviewed projects. Grants provided amounting to 152 million USD were primarily for building institutional capacity and for recovery and rehabilitation support from Typhoon Haiyan.

Project Name	Rio markers		Financial commitments reported to OECD (thousand USD)		Assessed adaptation-related commitments (thousand USD)	
	Adaptation	Mitigation	Climate-related finance	Adaptation-related finance	From project document assessment	From observational assessment
World Bank: Second Disaster Risk Management Development Policy Loan with a Catastrophe-Drawdown Option	n/a (MDB)	n/a (MDB)	497,822	497,822	398,257	Not assessed
Japan: Post Disaster Standby Loan	2	0	470,344	470,344	282,207	219,494
AIIB: Manila Flood Prevention	n/a (MDB)	n/a (MDB)	204,149	204,149	149,710	108,880
World Bank: Metro Manila Flood Management Project	n/a (MDB)	n/a (MDB)	188,984	188,984	132,289	113,390
Japan: Cavite Industrial Flood Risk Management Project	1	0	146,792	146,792	107,648	107,648
Japan: Non- revenue water improvement in the west zone of Metro Manila (1)	1	0	120,259	120,259	8,017	8,017
France: Local Government Finance and Fiscal Decentralization (LGFFD) Program	2	0	109,688	109,688	21,938	10,969
Korea: The integrated Disaster Risk Reduction and Climate Change Adaptation (IDRR-CCA) measures in the Low-lying areas of Pampanga Bay Project	2	0	95,007	95,007	63,338	66,505
Japan: Flood Risk Management Project for Cagayan de Oro River	1	0	106,686	106,686	64,012	77,881

EU: Access to Sustainable Energy in the Philippines Programme	1	2	67,806	0	31,598	Not assessed
France: Integrated Flood Risk Management Sector Project	2	0	55,291	55,291	44,233	44,233
Japan: The Programme for Rehabilitation and Recovery from Typhoon Yolanda	1	0	43,272	43,272	33,175	31,733
Japan: Non- revenue water improvement in the west zone of Metro Manila (2)	1	0	29,586	29,586	1,972	1,972
IFAD: Fisheries, Coastal Resources, and Livelihood Project	1	0	29,825	11,930	19,983	23,860
Germany: Typhoon Yolanda Reconstruction Program*	1	0	14,860	7,430	Not assessed	Not assessed
Aus: Philippine Social Protection: Community-led classroom and daycare construction	1	1	9,181	1,377	1,836	2,142
USA: Pacific-American Climate Fund- Clean Productive Environment	2	0	10,898	10,898	5,776	Not assessed
Japan: TC Aggregated Activities	2	0	6,832	6,832	2,505	1,366
Totals (thousand USD)			2,207,282	2,106,347	1,368,494	818,090
Over-reporting (thousand USD)					770,553	784,802
Under-reporting (thousand USD)					40,110	12,695

Table 2 Implications for adaptation finance - comparing reported and assessed adaptation finance figures

Note: Adaptation-related finance reported to the OECD has been calculated using donors' stated Rio marker coefficients for Rio markers of "Significant" (1), or 40% if the figure was unavailable (i.e. for

multilateral providers who provide Rio markers).³ For MDB projects that do not apply Rio markers, the stated amount is the "Adaptation-related development finance" figure as reported by the donor to the OECD. Germany not included in the analysis but form part of the table.

4.4 COMPARISON OF REPORTED AND ASSESSED RIO MARKERS

This assessment utilized the comparison between donor reported Rio markers to the OECD against markers assessed by the assessment team. The main assessment variables are Adaptation and Mitigation. The scoring system has 3 numerical values: 0 is if the variable is not an objective of the project, 1 if the variable is a significant objective, and 2 if the variable is a principal objective of the project.

A total of 8 projects maintained the same Rio Marker score for Adaptation after the assessment, while 6 (not including Germany) were assigned lower scores this includes the Japan Stand-by Loan, Japan Non-revenue water (1&2), France LGFFD, Kor IDRR-CCA, and Japan TC Aggregate. MDB projects scored 1 or 2 following the assessment of documents and local validation. Although a significant portion of the JPN Standby Loan is assessed to be adaptation-relevant, due to Japan's reporting methodology, for such a large project, a Rio marker allocation above 0 could not be justified.

Three of the 4 maintained its gender marker score, one, particularly the Japan Standby loan reduced its rating from 2 to 1. Furthermore 4 of the 5 Development Bank also scored 1 for gender equality.

Project Name	Adaptation Rio marker		Mitigation Rio marker		Gender equality marker	
	Donor	Assessed	Donor	Assessed	Donor	Assessed
WB DPL CAT-DDO	n/a (MDB)	1	n/a (MDB)	0	n/a (MDB)	0
JPN Standby Loan	2	0	0	0	2	1
AIIB Manila Flood	n/a (MDB)	1	n/a (MDB)	0	n/a (MDB)	1
WB MM Flood	n/a (MDB)	1	n/a (MDB)	0	n/a (MDB)	1
JPN Cavite FRMP	1	1	0	0	0	0
JPN Non-revenue Water (1)	1	0	0	0	0	0
France LGFFD	2	0	0	0	1	1
Kor IDRR-CCA	2	1	0	0	0	0
JPN FRMP-CDOR	1	1	0	0	0	0
EU ASEP	1	1	2	2	0	0
France IFRM Project	2	2	0	0	0	1
JPN Yolanda	1	1	0	0	0	0

³ As found here: <http://www.oecd.org/dac/financing-sustainable-development/Results%20of%20the%20first%20survey%20on%20coefficients%20that%20Members%20apply%20to%20the%20Rio%20marker%20data%20when%20reporting%20to%20the%20UN%20Conventions%20on%20Climate%20Change%20and%20Biodiversity.pdf>

JPN Non-revenue Water (2)	1	0	0	0	0	0
IFAD Fisheries CoRaL	2	2	0	0	1	1
Germany Yolanda	1	n/a	0	n/a	0	n/a
Aus- Social Protection	1	1	1	0	1	1
USA Pac-Am Climate Fund	2	2	0	0	0	0
JPN TC Aggregate	2	1	0	0	0	0

Table 3 Policy marker assessment - comparison of reported and assessed Rio and gender equality markers

4.5 BRIEF CONCLUSION ON THE CHAPTER

1. The lowest overall rating across projects is 2 for the Japan Non-Revenue Water project, while the highest rated projects are the World Bank DPL CAT-DDO, JPN FRMP CDOR, France IFRM, and the IFAD project.
2. Comparison of the ratings for each of the three steps of the assessment methodology was done for project documents and local validation. Results show that the scores for one step of the assessment were dependent on the previous step. For example, projects that received high or low ratings for Step 1-Climate vulnerability context also received high or low for Step 2-Statement of intent and Step 3- Link to Activities.
3. The 10 largest adaptation-related projects received in the country account for just under 2 billion USD. These projects are primarily in the form of institutional support for policy reform (e.g. WB CAT-DDO, Japan Standby Loan, France LGFFD) and infrastructure projects aimed at protecting communities and achieving economic development (e.g. WB/AIIB/Japan Flood Management)
4. Financial analysis utilising the ratings from the 3-step show significant overreporting of 770- 785 million USD in the amount committed and actual adaptation-related cost.
5. Some adaptation-related projects directly contribute to some of the priority areas identified by the NCCAP. Key actions have the potential (some projects remain in the inception phase) to strengthen government's capacity and build resilience of communities. However, some projects reviewed do not necessarily address adaptation needs but can be linked to the larger development objectives of the country.

5 ANALYSIS OF POVERTY ORIENTATION, GENDER AND ADAPTATION

5.1 POVERTY ORIENTATION

This next section of the assessment aims to determine the performance of the selected projects with regards to poor communities, and levels of project orientation towards poverty reduction within their design and implementation. Four guiding questions directed the poverty assessment, each measured using the 10-point scale utilized in the 3-step adaptation assessment for consistency. The scores for each assessment variable were summed, with a highest possible score of 40. The guiding questions looked to

determine the levels of: i) poverty orientation within the project design; ii) prioritization of poor communities, regions, or ethnic groups; iii) the application of Human Rights Based approaches; and iv) evidence of poverty orientation in project implementation.

Findings of the study show that the 18 projects have varied emphasis and orientation towards poverty reduction. The minimum poverty rating given to a project was 2 (out of 40), while the maximum was 38 (out of 40). The Japan CI-FRM and Japan Non-Revenue projects received the lowest ratings from the assessment team, while the AUS PH project received the highest. This Australia PH project was aligned closely with the poverty reduction programme of the Government of Philippines' KALAHATI- National Community Driven Development Programme (NCDDP).

Infrastructure projects with a resettlement component scored poorer, while projects specifically targeting poor communities and/or provides direct services scored the highest. The EU ASEP project which targets the poorest sectors and communities in Mindanao; the Australia project which provides basic education facilities to poor communities; and the Japan Standby Loan intended to provide support to the government during disasters were the highest poverty rated projects.

A number of projects reflect poverty reduction in their vulnerability analysis and to some extent their objectives; however, there are no observed correlations between these projects and those that were scored high for this sub-category. As an example, the WB DPL CAT-DDO projects overarching objective is towards economic growth and poverty reduction, however the macro-level strategies do not immediately translate to changing conditions and positions of the poorest sectors. Activities of these projects do not necessarily offer direct benefits to address the specific needs of the most marginalised groups. (i.e., poorest, geographically isolated, women, children).

Project Name	Poverty orientation assessment (0-40)
WB DPL CAT-DDO	20
JPN Standby Loan	13
AIIB Manila Flood	31
WB MM Flood	26
JPN Cavite FRMP	6
JPN Non-revenue Water (1)	6
France LGFFD	20
JPN FRMP-CDOR	17
Kor IDRR-CCA	11
EU ASEP	30
France IFRM Project	20
JPN Yolanda	26
JPN Non-revenue Water (2)	6
IFAD Fisheries CoRaL	16
Germany Yolanda	
Aus- Social Protection	38
USA Pac-Am Climate Fund	4
JPN TC Aggregate	2

Table 4 Poverty orientation - summary of project ratings

Validation at the local level showed that communities have limited participation in the design and implementation of the various projects. In some cases, general assemblies at the barangay-level were held as a form of formality, however, communities articulate that there is limited space is available for them to influence decision-making. Highest community engagement occurred in projects that require resettlement and delivery of goods and services to communities, i.e. JPN FRMP-CDOR, AUS-PH, JPN Yolanda. In the case

of resettlement, communication between project implementors and the community was necessary for land valuation, compensation, and the people's subsequent displacement.

Reports from local respondents suggest potential negative impacts of the projects on the poor and vulnerable. Infrastructure activities often require resettlement thereby displacing communities and their livelihood which can further increase vulnerabilities and increase risks to disasters and climate change impacts (i.e., relocation areas that are far from economic activities, alignment of flood walls, etc.).

Further, while many projects have social safeguards in place in designs, capacities for addressing poverty during implementation were varied. Technical consultants for social management planning and implementation are often employed by the project-implementing units. Consultants are the ones directly responsible for working with communities/ local governments. (i.e. Oriental Consultancy Group (OCG) for Japan FRMP-CDOR and Japan Yolanda)

5.2 GENDER MAINSTREAMING

This section presents the results from the assessment of gender within the selected projects and aims to assess a project's effectiveness in mainstreaming gender into its design and implementation, or successfully involving transformative activities regarding gender equality within its design and implementation. As with the poverty analysis, there were four guiding questions leading the assessment, each measured using the 10-point scale. The scores for each assessment variable was summed, with a highest possible score of 40. The guiding questions sought to determine the project's orientation towards gender sensitivity by determining whether: i) the project was informed by an analysis of gender differences; ii) the project was planned with indicators that imply the collection and analysis of both sex and age disaggregated data; iii) the project attempts to meet the distinct needs different genders; and iv) the project's interventions ensure the meaningful participation of different genders.

Project Name	Gender mainstreaming assessment (0-40)
WB DPL CAT-DDO	15
JPN Standby Loan	0
AiIB Manila Flood	25
WB MM Flood	30
JPN Cavite FRMP	2
JPN Non-revenue Water (1)	0
France LGFFD	24
JPN FRMP-CDOR	0
Kor IDRR-CCA	5
EU ASEP	0
France IFRM Project	30
JPN Yolanda	14
JPN Non-revenue Water (2)	0
IFAD Fisheries CoRaL	26
Germany Yolanda	
Aus- Social Protection	27
USA Pac-Am Climate Fund	0
JPN TC Aggregate	0

Table 5 Gender mainstreaming - summary of project ratings

The projects reviewed scored a minimum of 0 and a maximum of 30 (out 40) for gender orientation. Seven of the 18 projects reviewed were rated 0. The highest scores were obtained by World Bank projects, France IFRM, and Australia Social Protection project.

The World Bank and Australia projects reflect commitment towards gender equality through their use of social safeguards and explicit targeting of women in the projects. The WB Flood Management co matched with the AIIB Project on the other hand recognises the disproportional impact of the project to communities affected by the upgrade of flood management systems. Livelihood support for women, following further assessment, form part of the implementation plan of the project. The Australia Social Protection project also recognizes gender division of labour in childcare, thereby supporting women through establishment of day-care centres and parent-teacher organisations. Indicators specific to measuring benefits to women also form part of the project. The France IFRM and LGFFD both includes indicators and activities that is geared towards increasing capacities of women and improving their participation and access to decision-making. Women was identified as a priority sector.

On the other hand, Japan Projects (FRMP-CDOR, CI-FRM, TC aggregates, JPN Nonrevenue—except for the Yolanda recovery project) consistently do not take gender into consideration in the design and implementation of the project. The lack of gender analysis as part of the vulnerability context limits the possibility of integrating gender in the implementation. As a result, projects that scored low in gender analysis have an overall low score for gender orientation. Moreover, local tracking generally showed that participation of women, men, girls, and boys were lacking in the implementation of the projects. This is consistent with the fact that projects are primarily policy or infrastructure related, therefore requiring high level of technical knowledge and limited community engagement.

From the study undertaken, it can be concluded that climate-related projects implemented in the Philippines currently do not include gender as a priority objective. The varying inclusion of gender in the design and implementation is partially dependent on the individual gender policies of the donor countries/banks as well as the ability of the recipient country to align their national priorities with climate adaptation agenda. Mainstreaming gender in the context of the changing climate remains as an area for improvement for the country.

5.3 JOINT PRINCIPLES FOR ADAPTATION

This part of the assessment aims to summarise good practice standards for adaptation. Limited local validation necessitated the reliance of the team to project documents in rating the projects. Projects reviewed generally scored moderate in the JPA.

Overall, climate adaptation projects in the country scored moderately on the JPA (Total Moderate=65). The scores are a good indication that despite the huge rooms for improvement, most financial flows would pass as efficiently utilized, responsive to the needs of its beneficiaries, and succeeded in improving the adaptive capacities of its beneficiaries. The principles however that requires significant improvement are Principle A which outlines participation and inclusion and Principle G which highlights information and flexibility. The low scores can be attributed to the nature of the funds that scored low on this criterion, which are top down, nationally led, and usually lump-sum in nature. Participation of civil society and communities are often limited to specific components of the project that directly affects them, resettlement and livelihoods.

For Principle G, the limited availability of climate vulnerability information and the institutional set-up for managing large projects in the country provide limited flexibility to adapt to future climate scenarios. While changes in the design can be made, as in the case for the Japan FRMP-CDOR- revaluation of the degree of protection, the process for modifying projects are tedious and can cause serious delays in implementation.

Principles that were rated relatively higher were C (Management and resource allocation) and F (Building skills and capacities). Projects reviewed generally have an elaborate implementation plan as part of the design of the projects. The Terms of References, Workplan, and budgetary allocations are also incorporated

in the final contract agreement. Moreover, technical assistance is often incorporated as part of the result areas of the project, e.g. EU ASEP, WB projects, Japan TC aggregates. In some cases, projects also allow building institutional/ local capacities through policy development in the case of WB DPL CAT-DDO and technology transfers evident in the Japan Yolanda project.

The project that received good ratings is the Japan Yolanda project. The high rating can be attributed to the bottom-up approach utilised by the project. Strengthening local capacities through ensuring participation in decision making, management of resources, and skills development form part of the objectives of the two projects. Poor performing project are the France LGFFD, and the Japan Non-Revenue Project These projects provide for institutional development but lacks explicit linkage with climate adaptation priorities.

Principles	Not good	Moderate	Good
A. The formulation, implementation and monitoring of the (selected) adaptation project is participatory and inclusive.	7	8	2
B. Funds for the adaptation project are utilized efficiently and managed transparently and with integrity.	2	10	5
C. Government sectors and levels of administration (related to the adaptation project) have defined responsibilities and appropriate resources to fulfil them.	1	7	9
D. The adaptation project is developed through approaches that build resilience of communities and/or ecosystems.	3	11	3
E. The resilience of target groups who are most vulnerable to climate change is promoted.	4	12	1
F. The adaptation project has an appropriate investment in the building of skills and capacities for adaptation, as well as in physical infrastructure.	4	7	6
G. The adaptation project responds to evidence of the current and future manifestations and impacts of climate change.	5	10	4
Totals	26	65	30
	Not good (Max = 140)	Middle (Max = 140)	Good (Max = 140)

Table 6 Summary of JPA ratings

5.4 BRIEF CONCLUSION ON THE CHAPTER

Poverty Orientation of projects remain variable. Infrastructure projects geared towards economic development do not immediately translate to direct benefits for the poorest sectors of the country. Projects that provides access to resources and builds capacities of communities are those that was rated the highest.

Adaptation -related projects in the Philippines are managed by the National Government, limited decision-making capacity is provided to local governments much less communities. Participation in project activities are dependent on the design of the action. Projects with result areas specific to relocations and provision of services are those that have community engagement.

Gender Orientation is highly variable with nine (9) projects rating 0-5, one (1) with 6-15, the rest with 24 to a maximum of 30. Gender mainstreaming was only done in some of the projects. Adaptation-related projects do not necessarily contribute to gender equality. Projects reviewed are mostly gender- blind or neutral. In most of the reviewed financial flows and projects, there is a perception that actual benefits from the projects will eventually be distributed “equally” amongst end-users regardless of gender orientation. Among the four (4) gender aspects, collection of disaggregated data was the highest rated.

The projects reviewed scored moderately in the JPA. The principles were rated good were C and F which is due to the comprehensive design of the different projects. However, the Principles that require improvement are A and G. Participation of the most vulnerable sectors and civil society in decision making was not evident in the different projects. Moreover, climate-adaptation projects operate similar to development projects therefore lacking flexibility in recognition of possible future scenarios.

6 STORIES ABOUT ADAPTATION PROJECTS

THERE, BUT NOT THERE: THE CURIOUS CASE OF THE PACIFIC AMERICAN CLIMATE FUND

Kairos dela Cruz and Janssen Martinez

When we, from a developing and vulnerable country such as the Philippines, look at the massive climate finance information databases such as the from the Organisation for Economic Co-operation and Development (OECD), we get mixed feelings. We are unsure whether we should be excited and thrilled, or frustrated. We review and track them closely anyway, because climate finance has a crucial role to play in our country's efforts to adapt to climate change.

The Pacific-American Climate Fund (PACAM) interested us because it has the elements of a good climate fund. To add more to our excitement, PACAM is in the Philippines, at least it appeared to be. PACAM is reported in the Philippine dataset from OECD to be a grant fund with a working budget of USD7.67 million, which is almost half of the seed money of national adaptation fund, the People's Survival Fund.

Following the methodologies of the Climate Finance Study that we are working with ACCORD and CARE; we immediately engaged the project management team to know more about the fund. The excitement never left us, because a quick browse on the web shows that PACAM is able to implement really good projects with climate change adaptation at its core of programming. We are looking forward to conduct validation assessments of its local implementation and assess the fund's impacts on vulnerable communities.

Fast forward to two email exchanges with the adept PACAM team, our excitement was replaced with questions.

Apparently, PACAM is not implementing any project here in the Philippines. They have an office in the country, but they only implement in 12 Pacific island states. How was it reflected as a climate change fund for adaptation in the Philippines? How many more such funds are passing through the Philippines without making a contribution to closing the adaptation finance gap in the country?

The PACAM team is not to blame, obviously, someone else is doing their reporting to OECD. It is more of a reality check, that as long as the Philippines does not have a clear accounting system of climate finance, it cannot redress and correct reporting such as this.

Our engagement with PACAM did not end on the vision that we had about the fun. It was sobering reminder, at the very least, for continued scrutiny of climate finance tagging systems that are not done in country.

ADAPTATION FINANCE TRACKING STORIES: BRGY. CAMBAYAN, BASEY

“Nakikita namin ang halaga ng pag-grugrupo. Pwede kami magpintakasi sa trabaho (sa fish cages), sa pagpapalit ng lambat, sa paghaharvest, sa pagresolba sa mga problema.”

(We see the value of belonging to a group. We can undertake mutual aid in our work (in the fish cages) through helping each other change nets, harvest, and resolve problems. -
Rodrigo Amistoso, Member Brgy. Cambayan Fisherfolk Organisation, Basey, Samar

Brgy. Cambayan is a coastal community in the Municipality of Basey, Samar. The community was severely affected by Typhoon Haiyan in 2013. It sustained severe level of damage to shelters and livelihoods, particularly to coconut farms, fish cages, and boats.

The Japan-funded Program on Rehabilitation and Recovery from Typhoon Yolanda in the Philippines supported the community through re-establishing milkfish culture by provision of disaster-resilient fish cages. The project is co-managed by the Municipal Local government with BFAR and is (intended to be) leased to local fisherfolk organisations from 4 coastal barangays. A total of forty (40) submersible fish cages were handed over to the Local Government.

Part of the requirements for accessing the grant project was the formation of fisherfolk organisation in targeted communities. Brgy. Cambayan organised themselves and were able to establish a fisherfolk organisation with 14 members. During the first phase of operation, the members operated one cage through a process of pintakasi, with one man manning the cage at a specific schedule



throughout the day. After three months of commitment, they were men with failure in harvest. Poor harvest was a result of multiple issues including poor support from the government, limited knowledge, and poor communication. After the first cycle, members of the group were demotivated and left.

Currently, the fisherfolk organisation is still active but with only 7 members remaining. The group revised working arrangements for the management of the (1) fish cage from organisational Pintakasi to a home-based arrangement. The members of the group in this new arrangement works in the cage one cropping cycle after the other. While the arrangement has changed, the group is committed to work together to help each other in the individual management of the cage. The remaining members of the group are collective in their vision of recovery and see the value-added of working together to build their capacity. They hope to one day strengthen their membership and their organisation.



Currently, Brgy. Cambayan is operating only one of the ten fish cages provided for them. Women's organisation of the community is also undertaking planning session for the operation of the JICA- funded processing plant.

ADAPTATION FINANCE TRACKING STORIES: MUNICIPALITY OF MARABUT

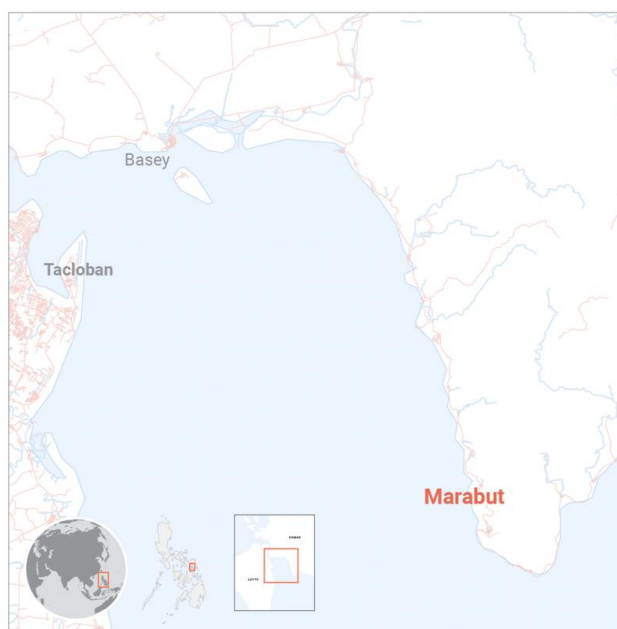
“Noong naitayo itong Munispyo parang naisip namin na dapat ganito ang standard. Ngayon, may peace of mind kami na makakapag-operate kami kahit sa panahon ng disaster.”

(After the municipal hall was built, we realised that the standard for infrastructure should be like this. Now, we have peace of mind knowing that we can operate effectively during disasters events.)

-Engr. Aladdin Advincula, 2019

The Municipality of Marabut in Western Samar, a 5th class municipality, was amongst the hardest hit areas due to the onslaught of Typhoon Haiyan in 2013.

A total of 18,451 individuals or some 6,281 families from 24 barangays were severely affected due to the loss of life, shelter, and other basic services. Strong winds, floods, and landslides destroyed local infrastructure including the Municipal Hall, Rural Health Unit, public market, schools, etc. Moreover, agriculture and fishery sector of the Municipality incurred losses of 81.3 million PHP. Lack of livelihoods, limited access to resources to meet needs,



and poor social infrastructure overwhelmed the capacity of the municipal local government. However, even when met with adversity the Municipality worked hard to meet the needs of its communities and drafted the Five-year recovery and Rehabilitation Plan for Marabut.

The Japan-funded Program on Rehabilitation and Recovery from Typhoon Yolanda in the Philippines supported the achievement of the local recovery plan through the rehabilitation of the Municipal Hall and the Rural Health Unit (RHU). Following Haiyan in 2013 through mid-2018, Marabut LGU operated in temporary offices located in the Public Market. Even with proper offices, government offices resumed to ensure that critical government services provide the necessary assistance to respond to the needs of affected communities. The assistance from Japan was aimed at facilitating the recovery of the Municipality to ensure that they are able to effectively carry out their function even during emergency situations. Build Back Better principle in the construction of critical social infrastructure.

A comprehensive analysis of hazards was undertaken as part of the preparatory study of the Japanese. Consultations were conducted by the Japanese consultants with the MLGU to finalise the design of the project. Disaster Risk Reduction (DRR) was mainstreamed in the design and construction of the building: site location, elevated design, roofing, redundant water source, etc. Prior to turnover, two joint-inspections (2018 and 2019) were done to ensure the quality of construction and to rectify technical issues immediately. Inspectorate team include Japanese consultant, project contractor, Department of Public Works and Highway (DPWH), and end user-Marabut LGU.

The Municipal Hall and the RHU is fully turned over to the Local Government Unit in June of 2019.



7 LIST OF ANNEXES

ANNEX A: ASSESSMENT TEAM AND STEERING GROUP

The research team selected government and non-government partners to ensure that the research findings are validated and endorsed, and utilized beyond the project. The Steering Group was organized based on invitation by the research team, which resulted in two high level meetings: an inception workshop and a planning workshop hosted by the Climate Change Commission of the Philippines. The table below shows the reasons why these agencies are invited to be part of the Steering Group.

Agency	Focal Person	Reason for inviting
Department of Finance (DOF)	Assistant Secretary Paola Alvarez	DOF is the lead agency in charge of mobilizing finance from international sources. They are also the lead in the Green Finance Task Force created to ensure sustainable development resource mobilization in the country.
National Economic and Development Agency (NEDA)	Director Nieva Natural	NEDA is the economic planner of the country, they are also in charge of evaluating foreign assisted projects in the country such as those, which are being tracked in this research.
Climate Change Commission of the Philippines (CCC)	Commissioner Rachel Herrera	CCC as the country's lead climate policy making body created the Climate Finance Systems and Services (CFSS) office to ensure that climate finance are monitored and accounted for in the country.
Congressional Policy Budget and Research Department (CPBRD)	Director Novel Bangsal	CPBRD provides the first take on the annually proposed government budget. Their insights on how international funds play into the overall climate finance allocation of the country will prove beneficial to the research.
Senate Economic Planning Office (SEPO)	Dir. Gen. Ronald Golding	SEPO is the lead policy think tank in the Senate of the Philippines, as the higher house, they share the power of the purse with Congress, making them capable of looking into external sources of funds such as climate finance.
Aksyon Klima Pilipinas (AK)	Francis Dela Cruz, Convenor	AK is one of the country's biggest NGO network, it is seen critical in effectively tracking of climate finance to the local level.

The research team is a composite team from ACCORD (Athena Dennis Gepte), CARE (Aarjan Dixit), ICSC (Kairos dela Cruz, Elaine Lopez, Danica Supnet, Janssen Martinez, Isabella Mendoza, and Angelika David). Athena Gepte and Kairos dela Cruz co-lead the research, with Aarjan Dixit as coordinator.

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