



# PHILIPPINES

## COUNTRY CLIMATE AND DEVELOPMENT REPORT

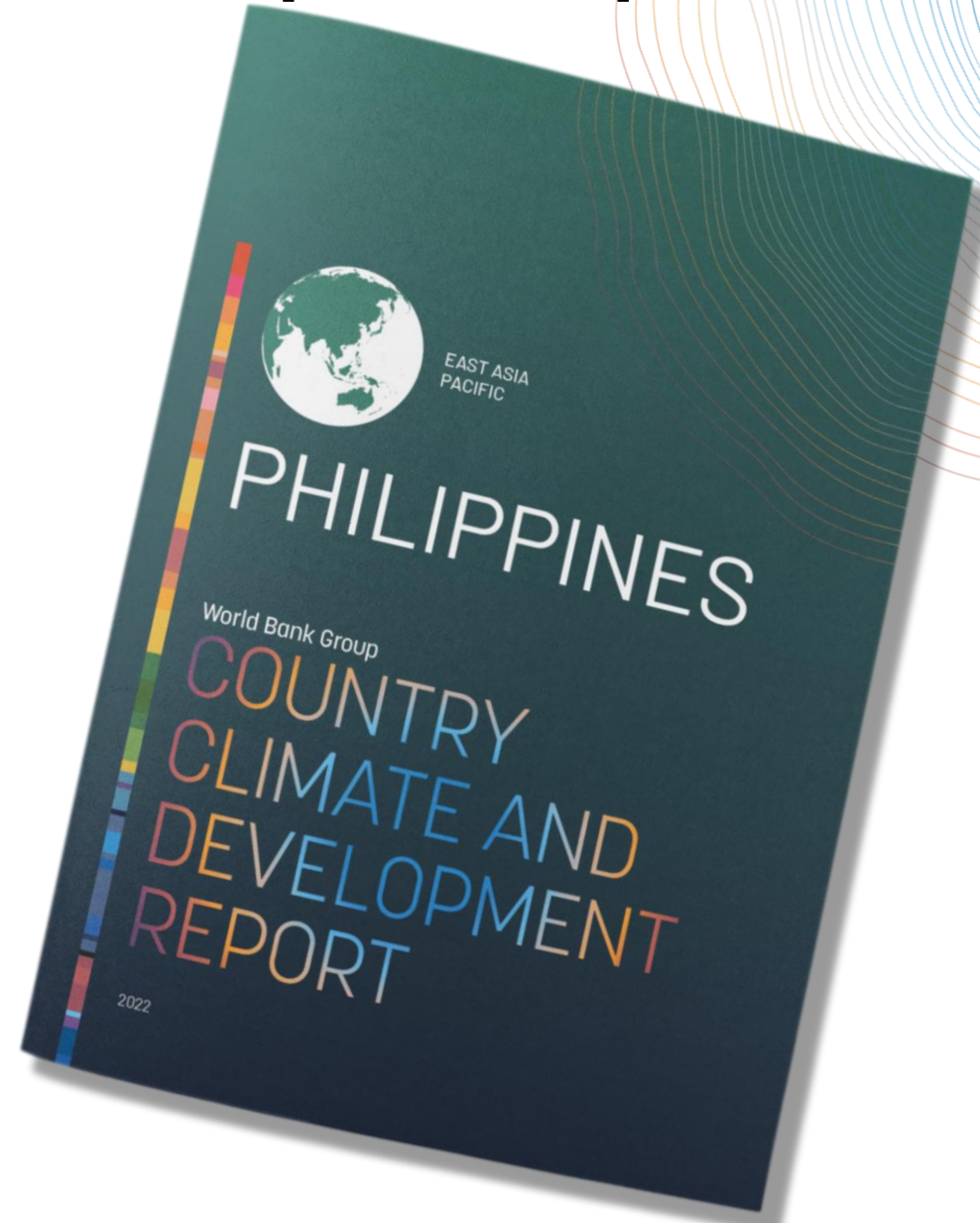
Ms. Madhu Raghunath, Sector Leader, Sustainable Development, and Mr. Radu Tatucu, Senior Financial Sector Specialist, The World Bank  
18<sup>th</sup> meeting of the Executive Committee of the Warsaw International Mechanism for Loss and Damage (WIM ExCom)  
Manila 2023



# The Philippines Country Climate Development Report

## The Philippines Country Climate Development Report (CCDR)

- Comprehensively analyzes how climate change will affect the country's ability to meet its development goals
- Helps identify opportunities for climate action by both the public and private sectors



# The Philippines CCDR: Approach

Deep dive selection based on:

- Impact of CC
- Where people are hardest hit

## Sectoral deep dives

### Agriculture:

- Most vulnerable to CC
  - Temperature/rainfall affect productivity
  - Direct damage from typhoons and floods
- Almost 25% of employment

### Water:

- Most CC impacts act through water
  - Changes in water flows and quality affect irrigation, industry, domestic uses
- Entire population depends on water services

### Energy:

- Main source of emissions
- Must grow to meet increasing demand
  - Energy use affects competitiveness

### Transport:

- Largest fossil fuel user
- Demand growing very rapidly

## Cross-cutting questions

### Social issues/Human capital

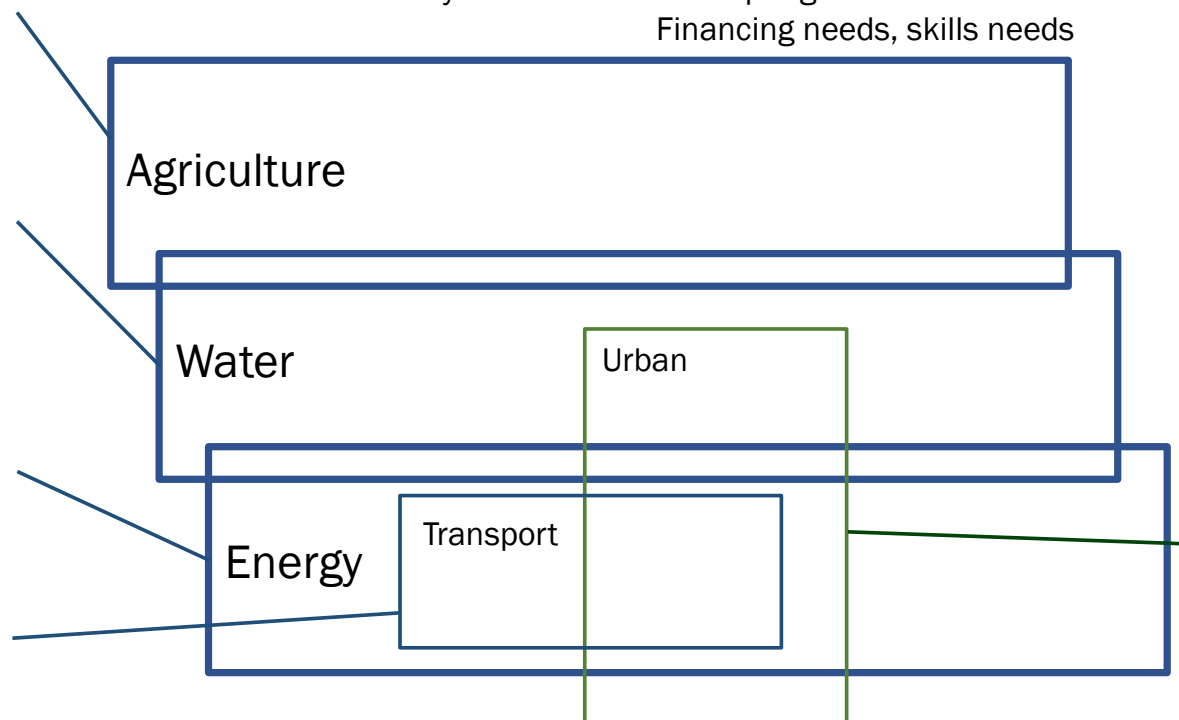
Who is affected?  
How severely?  
Are they able to respond?  
What obstacles do they face?

### Private sector

Are climate investments in their interest?  
What obstacles do they face in adopting them?  
Financing needs, skills needs

### Institutions

Who is responsible?  
Do they have the necessary capabilities and resources?



## Spatial dimension

### Urban areas:

- ~ 50% of population, growing
- Floods, water availability
- Air pollution co-benefits

# Main messages

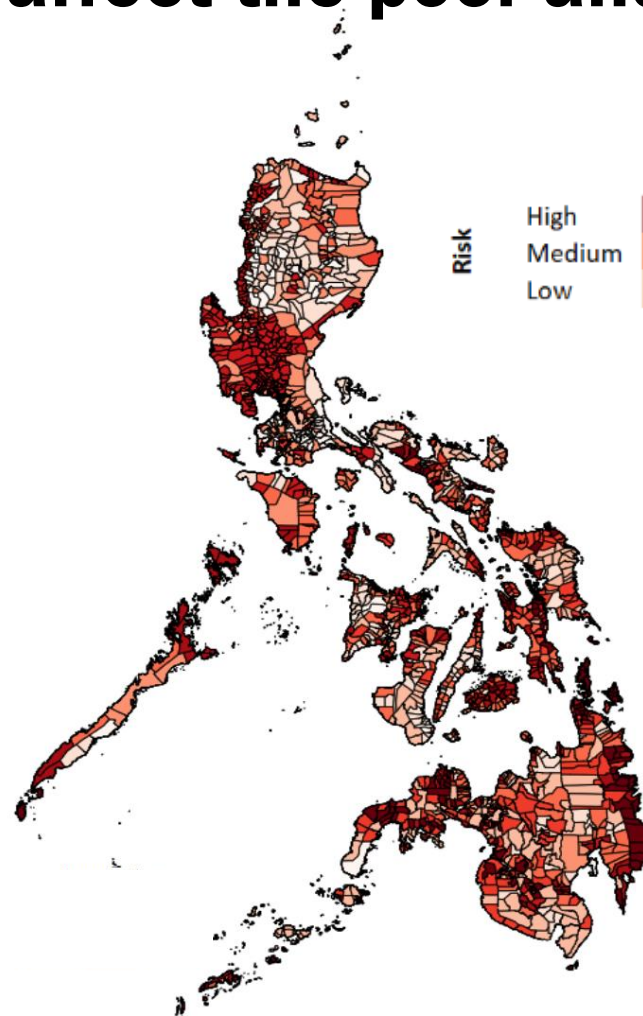
- Climate change poses major risks for development in the Philippines; Policy inaction would impose substantial economic and human costs, especially for the poor.
- The Philippines has many options to address climate change, which could significantly its impact; these options are feasible and their cost is modest; the private sector must play a large role in climate action, so it's important that the right incentives be in place



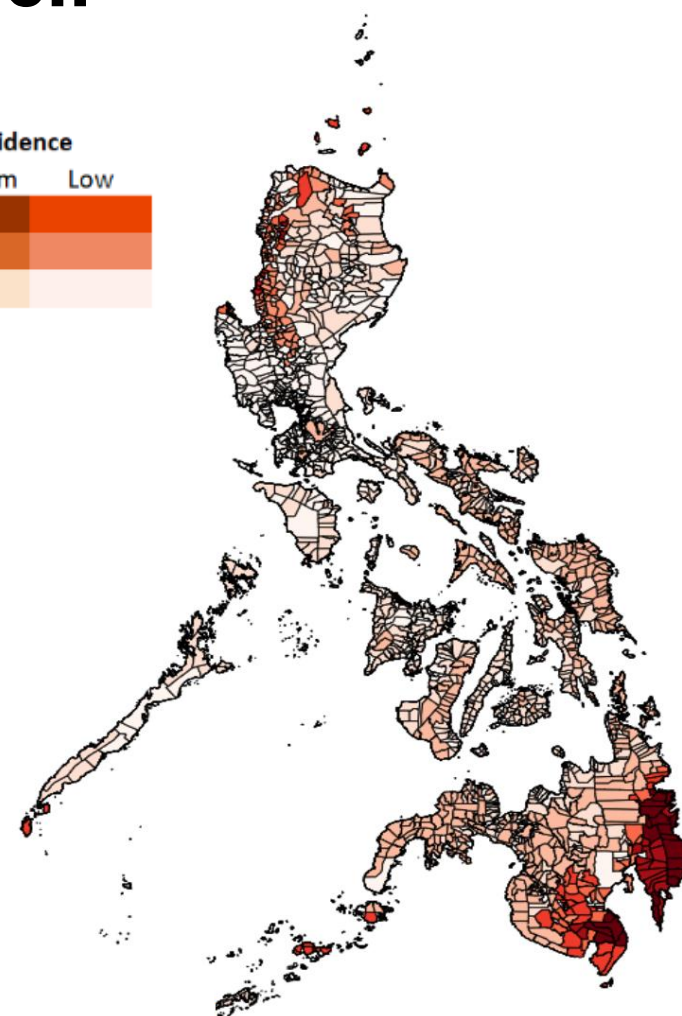


# Climate change will affect the poor and women disproportionately

Areas of high poverty often correlate with areas at high risk from climate change



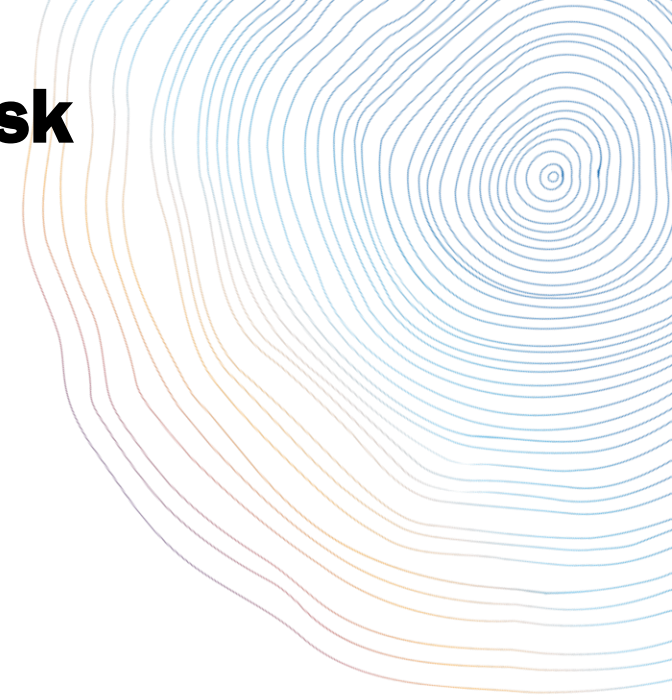
Flood risk



Drought risk

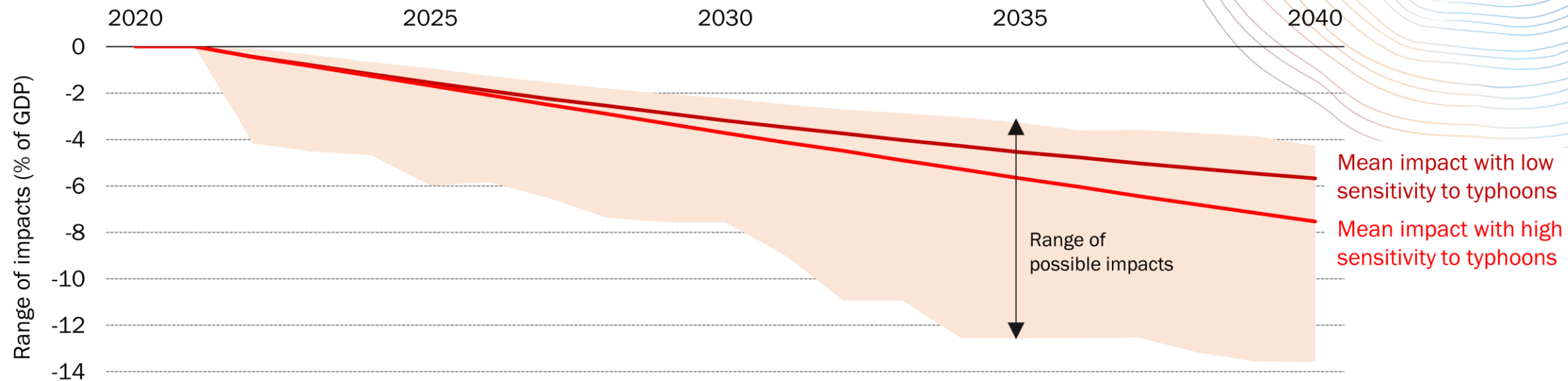
# Social Impacts of Disaster and Climate Change Risk

- Social inequality and poverty drive vulnerability to climate change;
- Lack of citizen engagement in climate decision making and local experience/traditional knowledge often invisible and undermine;
- Impacts of climate change are felt locally, but very little climate finance is prioritized for local level. In the Philippines, a recent case study found:
  - Communities are under constant stress due to exposure to more frequent and unpredictable extreme events and other climate impacts (changing weather patterns, salination of soil etc.), leading to;
    - Volatile incomes and food security due to shocks;
    - Traditional coping mechanisms are increasingly undermined, such as planting of root crops due to salination of soil;
  - Households rely on their network and community cohesion, but are affected by:
    - Dislocation (i.e. Indigenous Peoples away from their ancestral domains, traditional livelihoods);
    - Family structures undermined as especially women migrate to urban areas for work (e.g. mental health issues).



# Damages from Climate Change are a threat to the Philippine economy

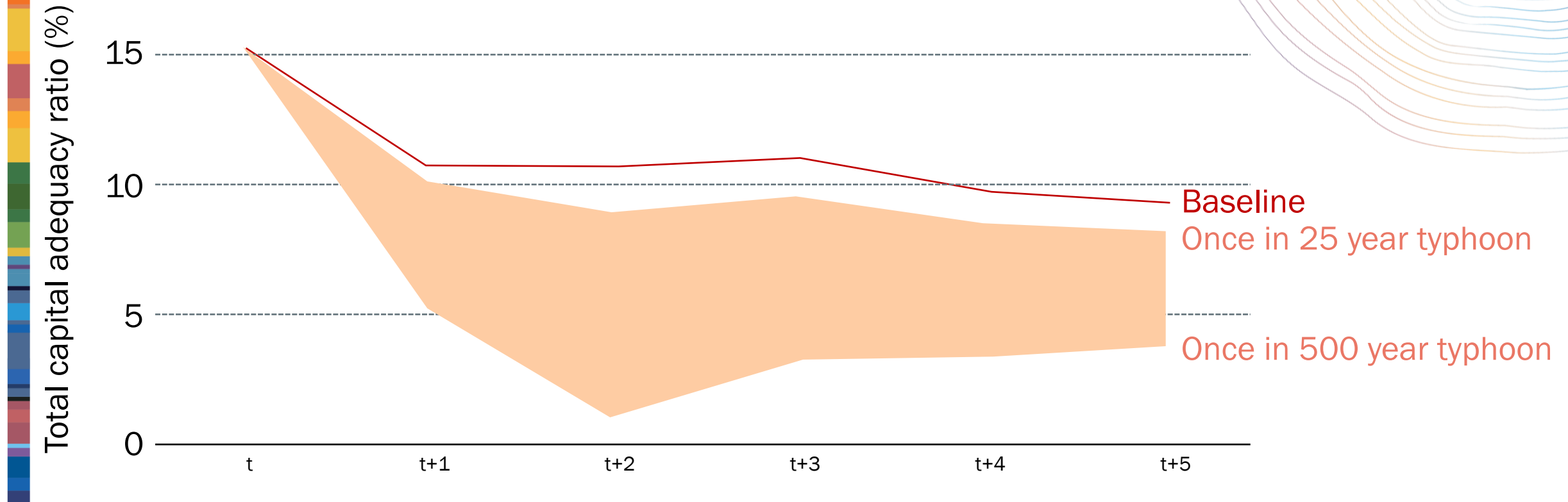
Climate change is likely to reduce GDP substantially, but the range of possible outcomes is wide



- Increasing intensity and frequency of extreme events and productivity losses could lead to economic damages that amount to 13.6 percent of the country's GDP by 2040, with the worst effects in capital-intensive industries

# Damages from Climate Change are a threat to the financial sector

- The financial sector would also be affected: Greater typhoon damage will increase non-performing loans





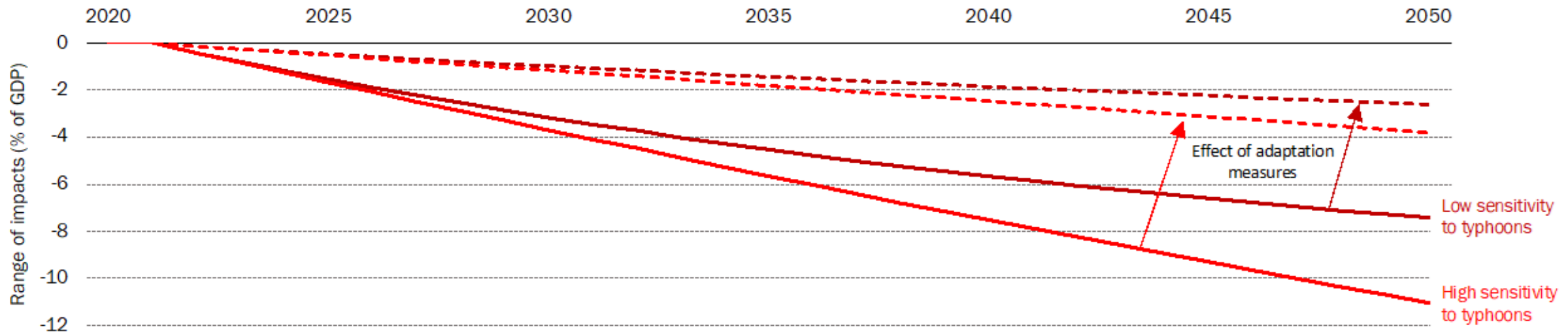


## Adaptation is a priority of the Philippines

- Reducing the risk and damage from extreme events
- Addressing slow-onset events like higher temperatures and sea level rise.



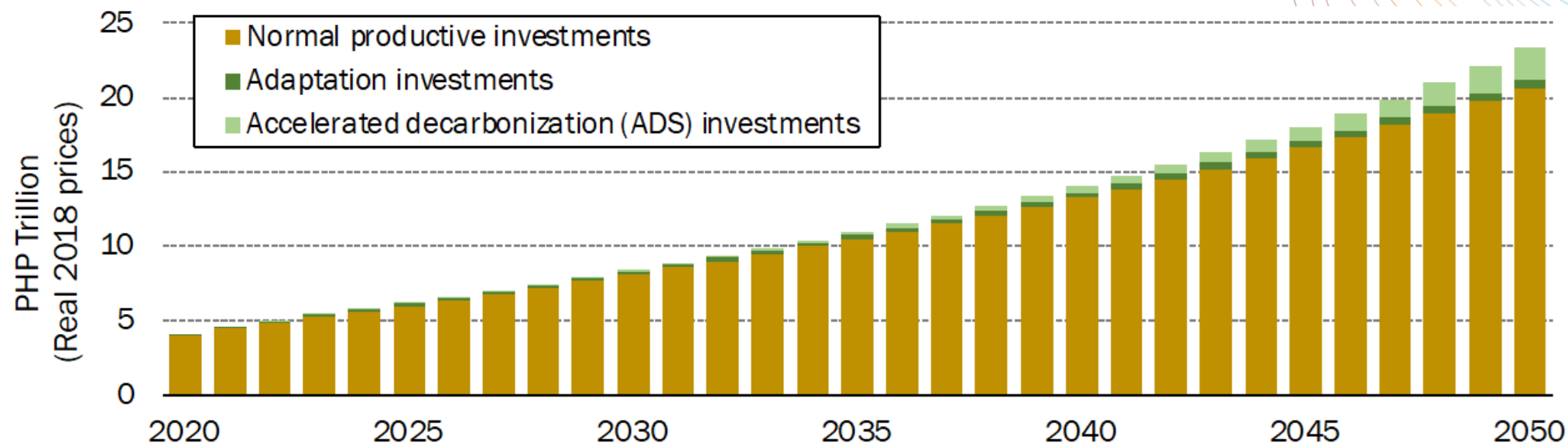
# Adaptation actions can reduce the impact of Climate Change on the economy



- Adaptation measures in agriculture, infrastructure, and human capital can reduce the economic losses from climate change by around two-thirds

# Responding to climate change in the Philippines

- The investments required are substantial but not out of reach: they represent a relatively small increase over normal investments



- In many cases, solutions require scaling up or fully implementing existing responses, rather than developing new ones from scratch
- Many climate investments are in the direct interest of individual actors, or can be made so by appropriate changes in regulatory and fiscal policies
- Many actions do not require investments, such as ensuring that new construction does not occur in areas at risk of floods, storm surges, or sea level rise





# Financing climate actions

## Financing adaptation measures

- Public and private investments are needed to finance adaptation through climate-resilient infrastructure
- On the public side, strengthened budget tagging, procurement policies such as green public procurement (GPP), and layered Disaster Risk Financing strategy are being pursued by the government
- On the private side, issuing ESG bonds under the recently introduced Sustainable Finance Framework (SFF) could leverage private financing for climate actions

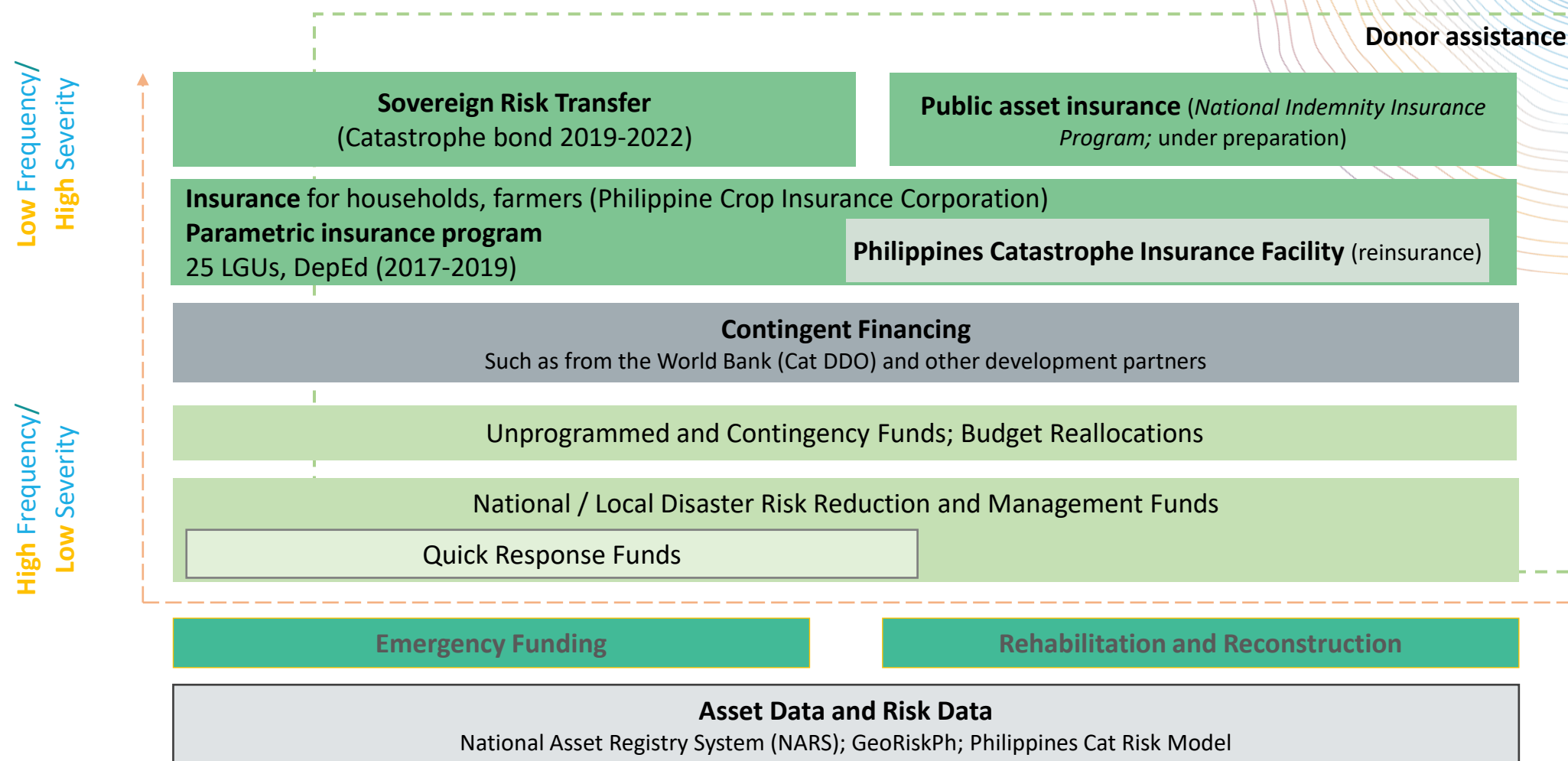


## Financing mitigation measures

- To be sourced mainly from private sector, incentivized by government's existing and new regulatory technology-push and demand-pull policies to accelerate adoption of green technologies
- Need to ensure incentives are in place, including concessional finance supporting mitigation measures
- Setting a moderate price on carbon of up to USD5/tCO<sub>2</sub> could signal firms and individuals to adopt low-carbon technologies while raising revenues of up to 0.4 percent of GDP per year

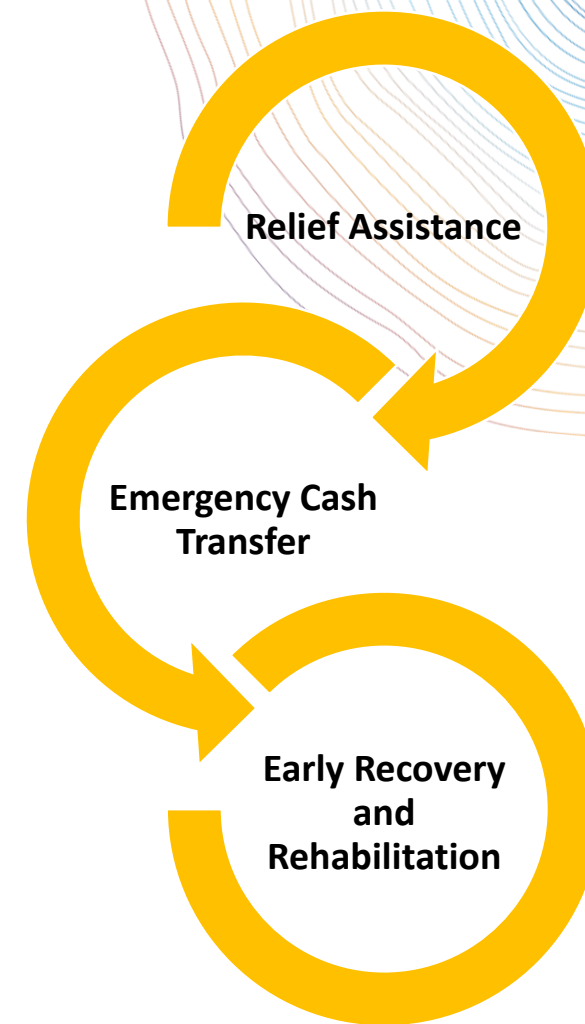


# Since the adoption of DRFI Strategy in 2015, the government implemented a series of transformative initiatives



# Emergency Cash Transfers

- Objective: provides unconditional grants to disaster-affected populations bridging the gap between existing relief assistance and early recovery efforts; address varied survival needs of victims e.g., medicines and other health care needs, repair of damaged shelter, etc.
- Rationale: disaster response must meet the basic subsistence needs of the affected population; cash empowers the affected population to choose how to spend the support provided by government based on their needs.
- Policy bases: DSWD Memorandum Circular #17 – guidelines in the implementation of ECT during disasters, August 2019; NDRRMC resolution adopting ECT, February 2020; ECT Operations Manual December 2021.





## Locally-Led Climate Adaptation



- Communities bring unique perspectives, skills, and a wealth of knowledge to strengthen resilience and address climate change at the level where climate impacts are felt the most. IPCC recognizes value of diverse forms of knowledge;
- Community-led development can serve as an effective and adaptable platform for disaster response and early recovery, and for awareness-raising on climate change issues/adaptation;
- Need to invest in community awareness on climate change and bring knowledge resources to local level;
- National policies promoting resilience should be adapted to context of community realities and current needs;
- Local gov is key unit of intervention but needs incentives/support from national agencies, such as improving access to existing mechanisms for financing climate adaptation initiatives (i.e. Peoples Survival Fund).

# Improve the effectiveness of government actions

- Improve coordination of climate actions at all levels of government
- Enhance the capabilities of LGUs to design and implement climate actions
- Focus on effective implementation of existing plans and regulations







## Help people cope with the effects of climate change and climate actions

- Scale up existing adaptive social protection (ASP) programs
  - Mitigate the impact of the costs of climate change on people
  - Offset the potential adverse effects of climate actions
- Provide training for green jobs
- Improve the resilience of the education system
- Implement climate-sensitive health policies



# Main Messages

- Take action to avoid worsening the problem
- Make sure the incentives are right
- Address both extreme and slow-onset events
- Responses to climate change need to vary across the country
- Target climate actions taking poverty and vulnerability into consideration
- Use adaptive social protection (ASP) to help people cope





