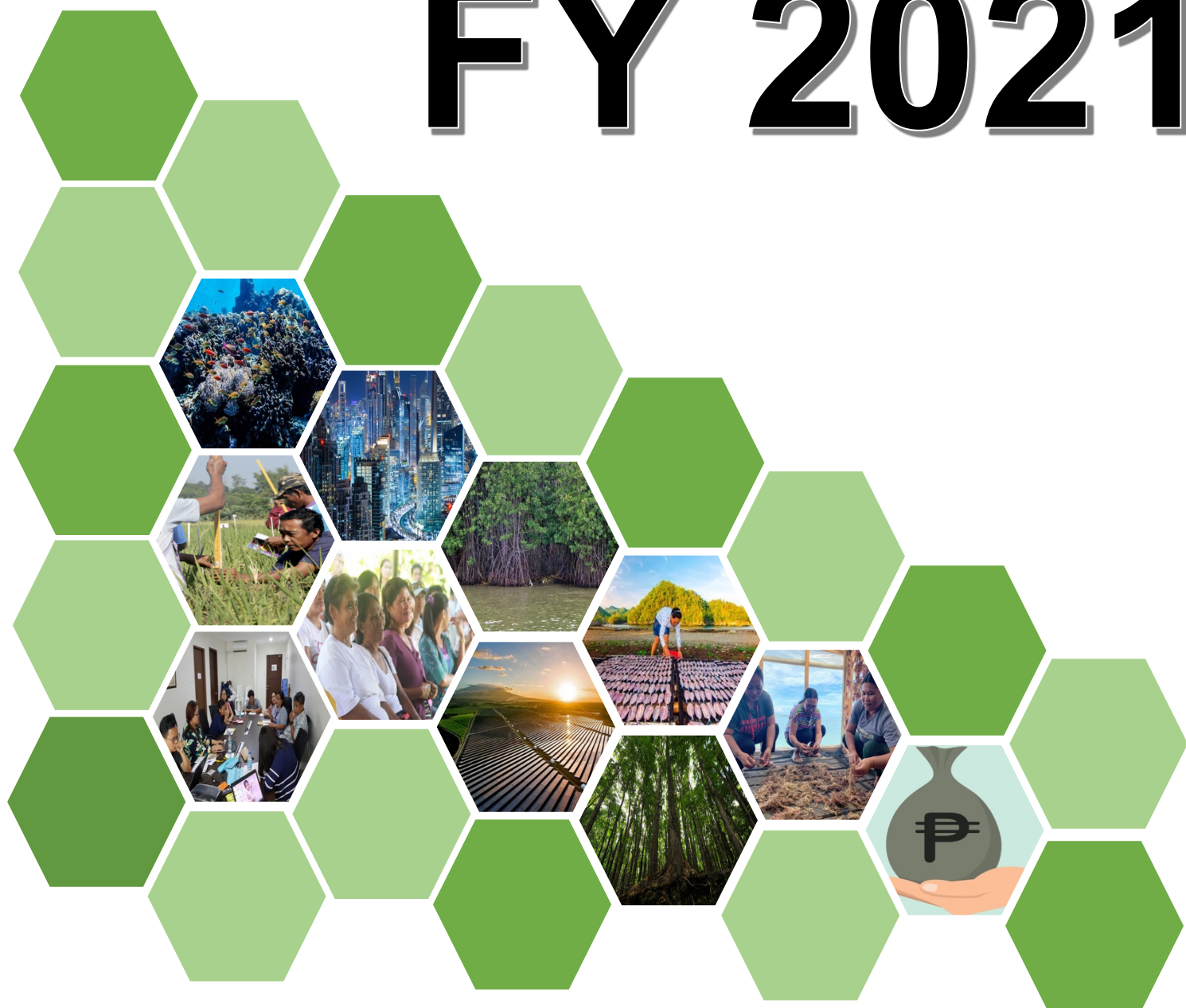




NATIONAL EXPENDITURE PROGRAM (NEP) LEVEL

PHILIPPINES' CLIMATE BUDGET BRIEF FY 2021



Filipino's Climate Budget Brief FY2021

To sustain the focus on transformative climate reforms and promote budget transparency to implement the National Climate Change Action Plan (NCCAP) priorities, the Climate Change Commission (CCC) and the Department of Budget and Management (DBM) continue to institutionalize the Climate Change Expenditure Tagging (CCET) through the Joint Memorandum Circular (JMC) No. 2015-01. The CCET provides an avenue for national institutions to assess the alignment and scale of mobilization of public funds based on the NCCAP. It also classifies public expenditures between climate change adaptation and mitigation through the use of typologies mirroring the NCCAP. Under the aforementioned JMC, the CCC is mandated to evaluate and approve national government agency-tagged climate change budgets. Further, the CCC is also mandated to strengthen capacities of National Government Agencies (NGAs), State Universities and Colleges (SUCs), and Government-Owned and Controlled Corporations (GOCCs). These are undertaken in collaboration with the DBM.

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References are available at:

CCC - <https://niccdies.ph>

DBM – <https://www.dbm.gov.ph>

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OFFICE OF THE PRESIDENT
CLIMATE CHANGE COMMISSION
FIRST RESIDENCES BLDG., J.P. LAUREL STREET, SAN MIGUEL, MANILA

MESSAGE

The Filipino's Climate Budget Brief for FY 2021 affirms the commitment of the national government to mainstream climate change adaptation and mitigation in its budget planning and investment programming. It also attests to the resolve of the Duterte Administration to build the climate resilience of local communities and to pursue the country's low-carbon development along with green recovery from the Covid-19 pandemic.

This report is a product of the robust partnership between the Climate Change Commission and the Department of Budget and Management in implementing the Climate Change Expenditure Tagging — a financial monitoring and evaluation system that promotes transparency and accountability in the mobilization of public funds and resources for climate action.

The Php 181.9 billion climate budget tagged in the FY 2021 National Expenditure Program (NEP) is mostly earmarked for the implementation of climate change adaptation projects in line with the strategic priorities of the 2011-2028 National Climate Change Action Plan, particularly on water sufficiency, food security and sustainable energy. They include the climate-proofing of water supply infrastructure and flood control and drainage systems, the construction of climate-resilient roads, ports, and transportation infrastructure, and the development of resilient crop and livestock production systems and technologies.

This budget tagging system, however, is not an end in itself, but a necessary tool to guide development planning, to inform public expenditure decisions, and to monitor the impacts of government projects in the local communities. It must be utilized also to mobilize more public resources toward enabling communities to survive and thrive amid the prevailing climate emergency.

To this end, national and local leaders, policymakers, development planners, and the private business sector may find this report useful to assess the country's current climate finance landscape, to identify funding gaps, and to seize opportunities of leveraging private sector capital and international climate funds with the funding of the national government.

Let this report facilitate and sustain the delivery of more climate-resilient and sustainable investments that ensure a better and brighter future for the Filipino people.

EMMANUEL M. DE GUZMAN
Vice Chairperson and Executive Director
Climate Change Commission



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
GENERAL SOLANO STREET, SAN MIGUEL, MANILA

MESSAGE

As part of our proactive efforts to mobilize our resources in order to strengthen the country's adaptation to climate change and resilience to its impacts, the Department of Budget and Management (DBM) and the Climate Change Commission have been working together for years to mainstream climate change initiatives in the budget. For indeed it is imperative and urgent – given our country's vulnerability to natural disasters and the impacts of climate change – that our efforts are integrated and our resources are well-mobilized to support priority climate response and actions.

In partnership with the World Bank, we have been able to develop and implement a climate budgeting framework that has made it possible to mainstream climate change in the national budgeting process. This primarily involves the tagging of climate change-related expenditures in all government budgeting and investment programming.

This Report, the Filipino's Climate Budget Brief for FY 2021, is an account of these initiatives and efforts, and will serve as a guide for future action. It signifies not only the government's sustained commitment to align Climate Change plans with the budget, but also the agencies' steadfastness to work together in responding to the challenges of climate change.

The Report is also a reflection of the government's firm resolve to foster fiscal transparency by making budget information, such as those related to climate action, available and accessible to the public.

As we continue to fortify our climate change mitigation and adaptation efforts, this Report would surely be a valuable tool to assess our climate finance and strategies. Hopefully, our climate change response efforts will yield the results we yearn for, that is, a climate-smart Philippines.

God bless our country.

WENDEL E. AVISADO
Secretary

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List of Acronyms

AFAB	Authority of Freeport Area of Bataan
CCAM	Climate Change Adaptation and Mitigation
CCC	Climate Change Commission
CCE	Climate Change Expenditures
CCET	Climate Change Expenditure Tagging
CPEIR	Climate Public Expenditures and Institutional Review
CSIS	Climate Smart Industries and Services
DA	Department of Agriculture
DA PCIC	Department of Agriculture – Philippine Crop Insurance Corporation
DA PFDA	Department of Agriculture – Philippine Fisheries and Development Authority
DAR	Department of Agrarian Reform
DBM	Department of Budget and Management
DENR	Department of Environment and Natural Resources
DENR EMB	Department of Environment and Natural Resources – Environmental Management Bureau
DENR MGB	Department of Environment and Natural Resources – Mines and Geosciences Bureau
DENR NAMRIA	Department of Environment and Natural Resources – National Mapping and Resource Information Authority
DENR NWRB	Department of Environment and Natural Resources – National Water Resources Board
DENR PCSDS	Department of Environment and Natural Resources – Palawan Council for Sustainable Development Staff
DFA	Department of Foreign Affairs
DICT	Department of Information and Communications Technology

DILG LGA	Department of Interior and Local Government – Local Government Academy
DND AFP	Department of National Defense – Armed Forces of the Philippines
DND OCD	Department of National Defense – Office of Civil Defense
DOE	Department of Energy
DOST	Department of Science and Technology
DOST PAGASA	Department of Science and Technology – Philippine Atmospheric Geophysical and Astronomical Services Administration
DOST PCHRD	Department of Science and Technology – Philippine Council for Health Research and Development
DOST PCIEERD	Department of Science and Technology – Philippine Council for Industrial, Energy, and Emerging Technology Research and Development
DOST PHIVOLCS	Department of Science and Technology – Philippine Institute of Volcanology and Seismology
DOST SEI	Department of Science and Technology – Science Education Institute
DPWH	Department of Public Works and Highways
DRR	Disaster Risk Reduction
DSWD	Department of Social Works and Development
ENGP	Enhanced National Greening Program
EES	Ecological and Environmental Sustainability
FS	Food Security
FY	Fiscal Year
GAD	Gender and Development
GCG	Governance Commission on Government Owned- and Controlled-Corporations
GOCC	Government Owned- and Controlled-Corporations
HS	Human Security
IATF	Inter-agency Task Force on Emerging Infectious Disease

KCD	Knowledge and Capacity Development
MMDA	Metropolitan Manila Development Authority
MRB	Major River Basin
NBM	National Budget Memorandum
NCCAP	National Climate Change Action Plan
NEP	National Expenditures Program
NGA	National Government Agency
PAP	Programs, Activities and Projects
PCB	Program Convergence Budgeting
PCW	Philippine Commission on Women
PFM	Public Finance and Management
PSF	People's Survival Fund
RRP	Risk Resiliency Program
RWCS	Rain Water Collection System
SE	Sustainable Energy
SUC	State Universities and Colleges
WB	World Bank
WS	Water Sufficiency

1

BACKGROUND & CONTEXT

The Philippine CCET is the country's strong resolve for climate reform to mobilized domestic financing and strengthen the delivery of its climate response.

What is CCET?

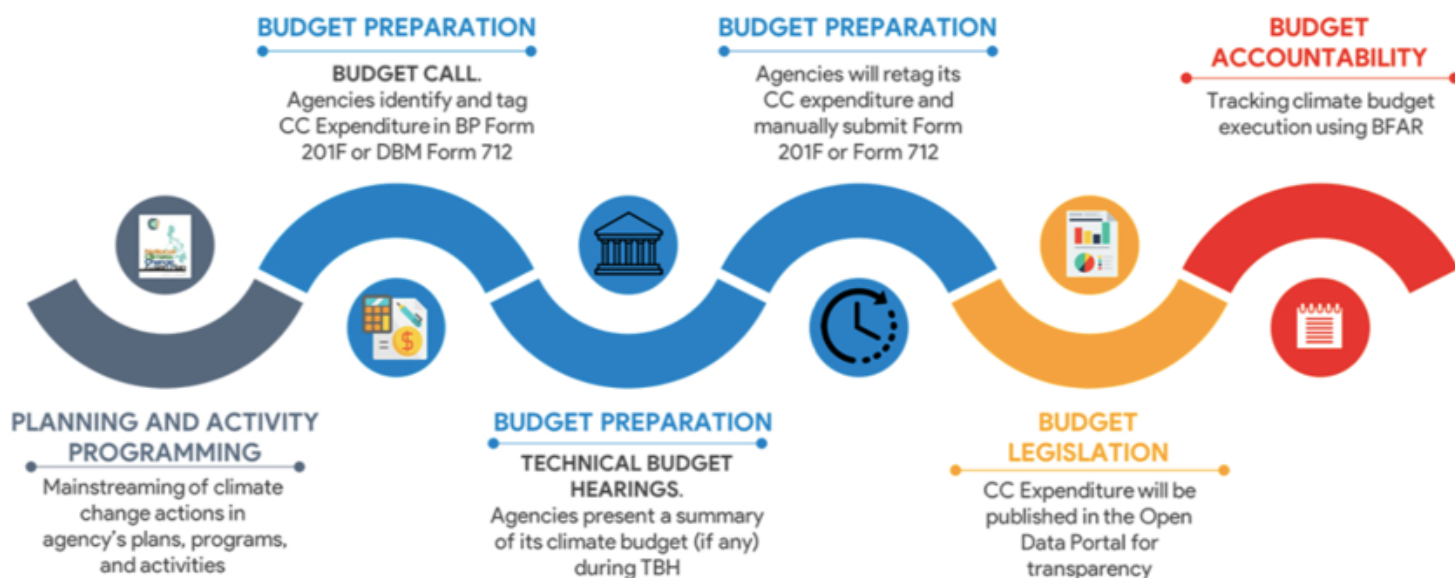
Considering the country's vulnerability to the impacts of climate change, it was imperative for the government to support and prioritize climate actions.

In 2013, with the help from the World Bank (WB), the Government assessed the national budget and identified the need to mainstream climate change in budgeting and investment programming through the CCC and DBM.

Building on the results of the 2013 Climate Public Expenditure and Institutional Review (CPEIR) and the ongoing public finance management (PFM), a climate budgeting framework was developed and implemented to sustain the country's climate reform initiatives in the form of CCET.

In the same year, the DBM and the CCC issued the JMC No. 2013-01 that provided the Guidelines in Tagging/Tracking Government Expenditures for Climate Change in the Budget Process.

In 2015, the JMC was amended to enhance the process, and institutionalize the functions of the help desk. The said policy issuance reinforces the government's transformative climate reforms, especially on mainstreaming climate change in its national budgeting process.



Climate Budget Tagging Process at the National Level

2

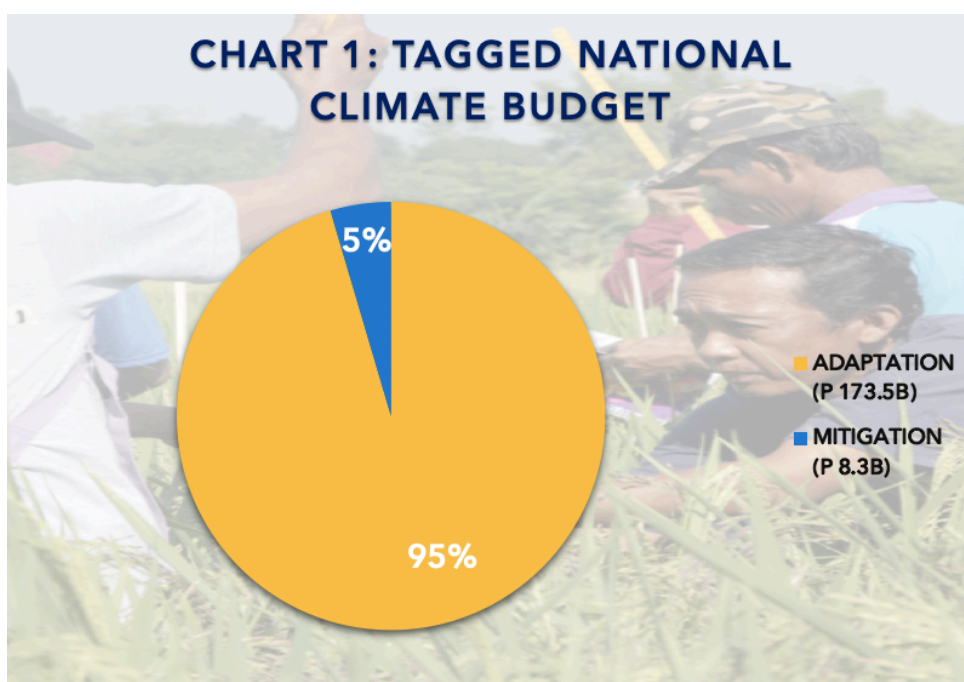
NATIONAL CLIMATE BUDGET AS PER NEP FY2021 LEVEL

Despite the imposition of community quarantines, the Philippine government did not stop delivering climate actions. Through the FY 2021 National Budget Process, the CCC and DBM guided NGAs, SUCs, and GOCCs in identifying and tagging climate actions in their budget proposals.

In this fiscal year as well, the certification of CCC's CCET Quality Assurance and Review (QAR) Form was implemented as prescribed in the DBM-CCC JMC No. 2015-01. The certification of agency's climate-tagged PAPs ensures transparency, consistency, and credibility of the CCET and NCCAP.

The National Expenditure Program (NEP) level climate budget in 2021 amounts to P 181.90B, which corresponds to about 4% of the total National Government Budget¹. Overall, 33 NGAs, and six (6) GOCCs identified climate change-tagged Programs, Activities, and Projects (PAPs) totaling to 1,028 PAPs in the 2021 budget request (Chart 1).

The National Expenditure Program (NEP) level climate budget in FY 2021 amounts to Php181.90 billion, which corresponds to about 4% of the total National Government Budget¹. Overall, 33 NGAs and six (6) GOCCs identified climate change-tagged Programs, Activities, and Projects (PAPs) totaling to 1,028 PAPs in the FY 2021 NEP budget request (Chart 1).



Similar to FY 2020, Php 173.58 billion or 95% of the proposed climate budget for FY 2021 is focused on adaptation responses that will build the

¹ <https://www.dbm.gov.ph/index.php/secretary-s-corner/press-releases/list-of-press-releases/1712-dbm-submits-p4-506-trillion-fy-2021-national-expenditure-program-to-congress>

resilience of communities in dealing with the impacts of climate change. Meanwhile, the remaining Php 8.3 billion or 5% of the climate budget is directed towards climate change mitigation or actions that reduce greenhouse gas (GHG) emissions.

Despite that the Philippines having a miniscule carbon footprint amounting to only 0.37% of the global emissions, the small amount invested for climate change mitigation, nevertheless, supports the nation's vision to pursue a development path consistent with the 1.5°C global target under the Climate Change Paris Agreement.

Furthermore, as enshrined in the government's national climate change policy², climate change adaptation is considered as the anchor strategy to address climate change. Climate change mitigation shall also be pursued as a function of adaptation when applicable.

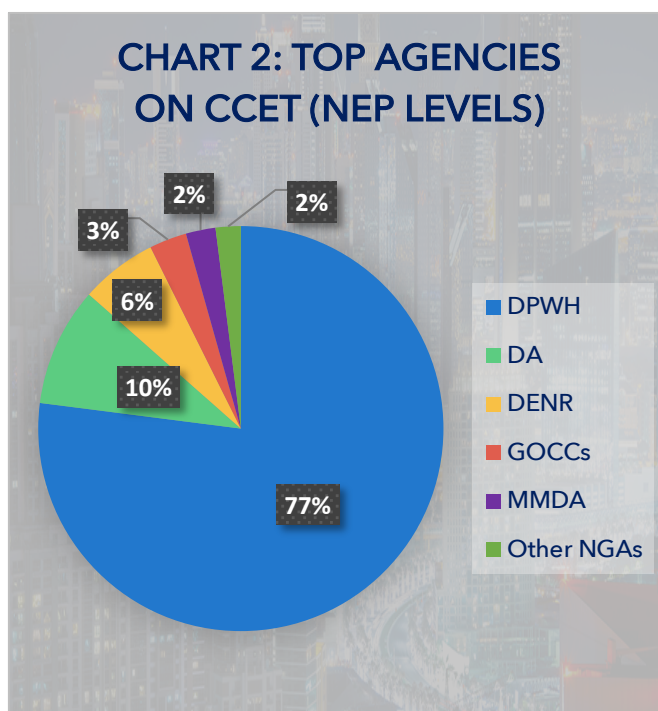
Surviving climate impacts requires the government's undivided attention. The Philippines has, therefore, placed adaptation at the core of our long-term development strategies and has nationally promoted the focus of climate change adaptation to avert losses and build resilience.

The majority of the adaptation responses are for service delivery and hard infrastructure, including flood mitigation structures and upgrading of infrastructure design standards to incorporate climate risks. In addition, adaptation PAPs focused on resiliency building through enhancing the capacity of both social and ecological systems, policy and governance, and research and development.

Meanwhile, the FY2021 NEP climate mitigation expenditures are attributed to the government's sustainable and renewable energy programs, and environment sustainable transport system.

Similar to FY 2020, the FY 2021 climate budget request is also concentrated in very few NGAs. The Department of Public Works and Highways (DPWH) accounted for 77% (or Php 140 billion) of the total climate budget request for fiscal year FY 2021.

Meanwhile, 21% of the total climate budget request is from the Department of Agriculture (DA), the Department of Environment and



² National Framework Strategy on Climate Change

Natural Resources (DENR), GOCCs, and the Metropolitan Manila Development Authority (MMDA). The remaining two percent (2%) is distributed among the other 29 government institutions.

Table 1 below shows the CCE allocations per agency:

AGENCY	FY 2021 CCET ALLOCATIONS (in thousand pesos)	% OF CCET ALLOCATIONS
DPWH	140,064,119	77%
DA	17,265,014	9.49% (10%)
DENR	11,156,395	6.13% (6%)
GOCCs	5,419,036	2.98% (3%)
MMDA	4,340,619	2.39% (2%)
Other NGAs	3,650,890	2.01%
TOTAL	181,896,073	100%

It is worthy to note that while these agencies tagged their PAPs on climate change in their budget request, the same are also incorporated in the Program Convergence Budgeting of the Cabinet Cluster on Climate Change Adaptation and Mitigation-Disaster Risk Reduction. (CCAM-DRR). This symbolizes the continued commitment of agencies to address the challenges posed by the climate change through a whole-of-government approach.

3

ALIGNMENT OF THE NATIONAL CLIMATE BUDGET WITH THE CLIMATE CHANGE AGENDA

The Philippines continues to recognize its responsibility to ensure the country's climate resilience and contribute its fair share in building a low-carbon economy.

The Government of the Philippines continues to engage in active promotion of climate change response through policies, institutions, and financing for climate change adaptation and mitigation. The Government examines its strategic allocation of resources at the national level in comparison with the seven (7) strategic priorities in the NCCAP, which cover a total of 21 outcome areas. Additionally, the CCC has developed a Results-Based Monitoring and Evaluation System (RBMES) for the NCCAP to establish accountability mechanisms to track climate expenditure disbursements and monitor climate results.

NATIONAL CLIMATE CHANGE ACTION 2011-2028 THEMATIC PRIORITIES



Food Security



Water Sufficiency



Ecosystem &
Environmental
Stability



Human Security



Climate Smart
Industries and
Services

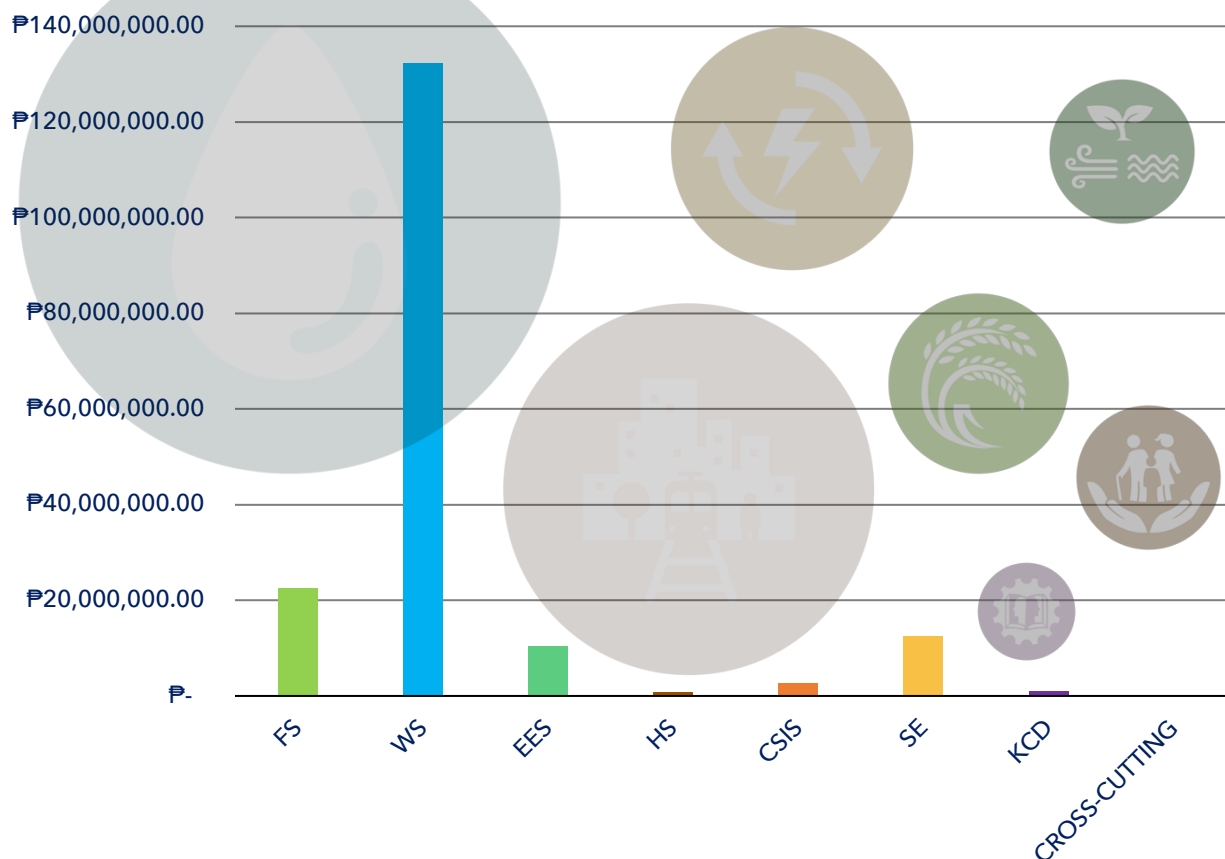


Sustainable
Energy



Knowledge
and Capacity
Development

CHART 3: CLIMATE-TAGGED PAPs BY NCCAP THEMATIC PRIORITIES ('000)



The FY 2021 NEP climate budget request is still largely concentrated on Water Sufficiency with an allocation amounting to Php 132.3 billion or 72.8% of the climate budget pie. The majority of this allocation will be directed to water governance, notably on the flood protection PAPs managed by the DPWH and MMDA. With Food Security being the second thematic priority with the most allocation (12.3% or Php 22.4 billion), it will be centered on incorporating climate change measures into investment projects in the agriculture and fisheries sector.

Out of the remaining FY 2021 climate budget request, Php 12.4 billion (6.8%) will be earmarked under the Sustainable Energy, Php 10.3 billion (5.7%) shall be allocated to the Ecological and Environmental Stability, Php 2.7 billion (1.5%) is allocated for Climate Smart Industries and Services, Php 881.9 million (0.5%) for Knowledge and Capacity Development, Php 693.8 million (0.4%), and Php 28.0 million (0.02%) for Cross-cutting programs (see Chart 3).

A

FOOD SECURITY

Ensuring availability, stability, accessibility, and affordability of safe and healthy food

The NCCAP identified Food Security (FS) as a strategic priority due to the country's dependency on the agriculture sector, and its innate vulnerability to climate risks and natural hazards. 12% or Php 22.4 billion of the FY 2021 NEP climate budget shall be allocated to address the country's FS challenges.

The DA accounts for the largest share of the FS allocation as it did in FY 2020 with Php 22 billion. The Department of Agrarian Reform (DAR) and the Department of Science and Technology (DOST) have also provided the same support with budget allocations amounting to Php 301 million and Php 254 million (see Chart 4).

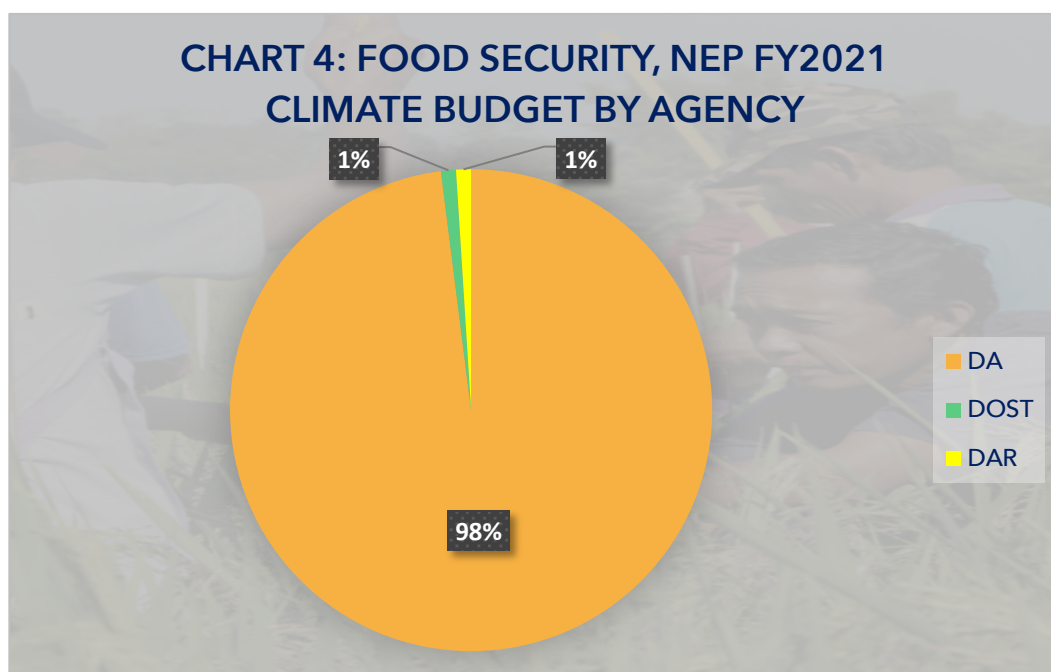


Table 2 below shows the budget request EES allocations and its percentage per agency:

AGENCY	FY 2021 CCET ALLOCATIONS (in thousand pesos)	% OF CCET ALLOCATIONS
DA	22,182,009	98%
DAR	301,012	1.32% (1%)

DOST	254,680	1.12% (1%)
TOTAL	22,737,701	100%

The DA's CCE are mainly concentrated on incorporating climate change and climate variability considerations in agricultural production, distribution systems, and irrigation policies and planning.

These climate allocations are also aligned with the government's COVID-19 recover strategy to adapt to the post-pandemic life.

Furthermore, FS allocations cover programs and activities that develop climate-resilient crop and livestock production systems, technologies, and farmers' and fisherfolks' capacities in the country's banner programs, including the National Rice Program, National Livestock Program, National Corn Program, National High-Value Crops Development Program, and Organic Agriculture Program.

The DA has also allocated Php 4.5 billion for the agricultural credit program and crop insurance program. The NCCAP Monitoring and Evaluation Report showed that the Philippine Crop Insurance Corporation (PCIC), a GOCC under the DA, is developing a weather-index based crop insurance which will allow farmers to recoup their investments from crop loss as a result of extreme weather.

Meanwhile, the DAR and DOST share the other remaining two percent (2%) or Php 496.3 million of the FS sector. Of this, DAR's CCE will fund the Climate Resilient Farm Productivity Support for the Agrarian Reform Beneficiaries. The program strengthens the resilience of smallholder farmers against adverse climate by improving their access to production technologies and crop diversification towards climate-resilient agriculture.

The DOST, on the other hand, will devote its CCE for the improvement of the information systems and database/resource networks to address climate-related FS issues.

B

WATER SUFFICIENCY

Enhancing convergence and employing a comprehensive approach to address flood risk

The NCCAP identified Water Sufficiency (WS) as a strategic priority due to the Philippines' vulnerability to extreme weather events such as typhoons and flooding, coupled with encroachment in waterways and massive urbanization. To address this, 72% or Php 133 billion of the climate budget in FY 2021 is targeted to promote WS.

Under the FY 2021 NEP CCE, the majority of the WS programs come from two implementing agencies namely the DPWH and MMDA. The remaining allocations are shared between the DSWD, DA, Department of Environment and Natural Resources–National Water Resources Board (DENR-NWRB), and DOST–Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAG-ASA) (see Chart 5).

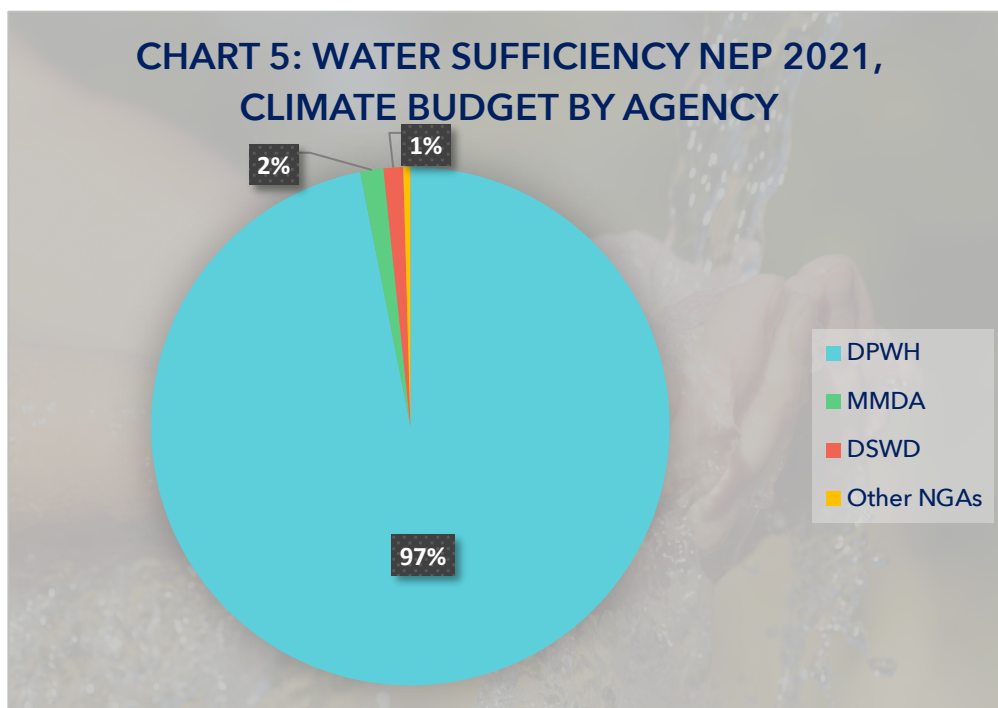


Table 3 below shows the budget request EES allocations and its percentage per agency:

AGENCY	FY 2021 CCET ALLOCATIONS (in thousand pesos)	% OF CCET ALLOCATIONS
DPWH	128,212,687	96.88% (97%)

MMDA	1,910,209	1.44% (2%)
DSWD	1,617,741	1.22% (1%)
Other NGAs:		
DENR	341,708	0.26%
DA	189,781	0.14%
DOST	59,047	0.04%
TOTAL	132,331,173	100%

The FY 2021 NEP climate budget for WS spreads across 113 PAPs, intended to address mostly flood control, mitigation, and drainage.

As shown in Chart 5, 97% of the climate budget pie comes from the DPWH. The infrastructure agency's CCE mainly concentrated in the Flood Risk Management, and Construction / Repair / Rehabilitation / Improvement of Various Infrastructure of Water Management Facilities Roads and Bridges.

Other agencies also identified and requested the following strategies to address climate and flood risk:

- *Metropolitan Manila Flood Control Program* (Php 1.9 billion): The MMDA provides support through maintenance and rehabilitation of 90 flood mitigation structures and projects in the Metro Manila area.
- *Flood Forecasting and Warning Program* (Php 59 million): The DOST-PAGASA provides crucial services of generating flood forecast and information important to climate response, especially for early warning to the communities. The requested climate budget will focus on the establishment of an Integrated Hydrological Data Management System (HDMS) for Flood Forecasters.

In line with DPWH's responsibility to lead in implementing Republic Act No 6716 (Rainwater Catchment Law) for the installation of Rainwater Collection System (RWCS) in public schools and other state facilities, the Department requested Php 1.1 billion to continue the installation of RWCS in the country's public properties. As of 2019, a total of 14,455 RWCS have been installed in DPWH Offices, public buildings, public markets and public schools³.

Aside from climate and flood-related programs in the WS, a Php 1.6 billion was proposed by the DSWD to support access to safe water supply for its disaster response and rehabilitation program. In addition, the DENR-NWRB allocated Php 14 million to assess the vulnerability and sustainability of water resources in the two major river basins namely, Tagoloan and Pasig-Laguna MRBs.

³ As per coordination with the DPWH, reporting of FY2020 figures is still ongoing (reporting DPWH Field Offices was affected by the community quarantines caused by the CoVID19 pandemic).

C

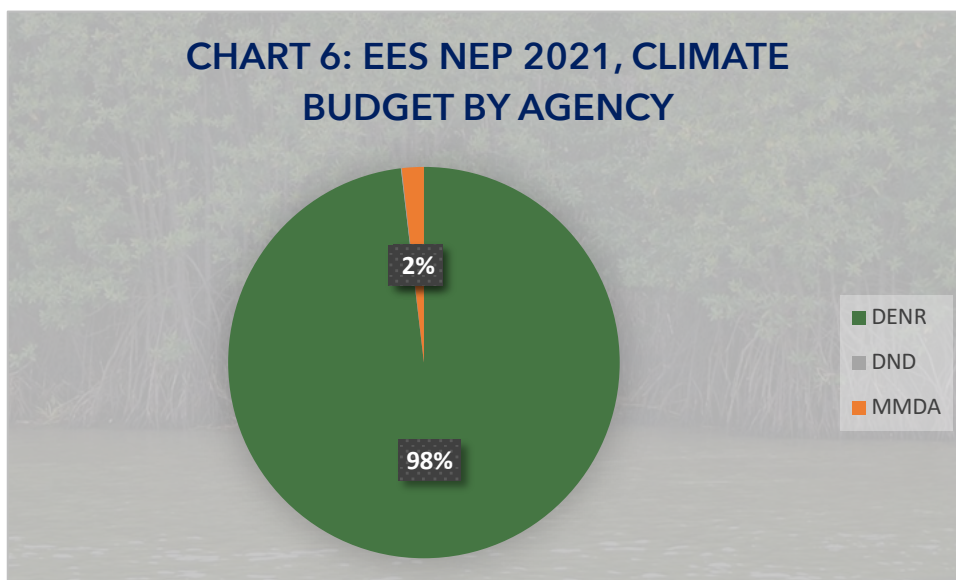
ECOLOGICAL
ENVIRONMENTAL
STABILITY

&

Increasing resiliency of natural resources is investing in the future

The NCCAP Ecological and Environmental Stability (EES) strategic priority aims to achieve the protection and rehabilitation of critical ecosystems, and the restoration of ecological services. Under the FY2021 NEP, the DENR leads the climate budget efforts under the EES thematic priority, with additional support on environmental protection and enforcement of environmental laws from the DND-AFP and MMDA.

Of the total EES climate allocation proposal for FY 2021, 98% or Php 9.8 billion will go to the DENR which provided a substantial share on climate change mitigation actions including activities related to reforestation, afforestation and deforestation under its Enhanced National Greening Program.



The remaining budget share was requested by the MMDA (1.81% or Php 180.57 million) and the DND-AFP (0.07% or Php 7.62 million) to support the aforementioned Enhanced National Greening Program through reforestation projects and enforcement of environmental laws.

Table 4 below shows the budget request EES allocations and its percentage per agency:

AGENCY	FY 2021 CCET ALLOCATIONS (in thousand pesos)	% OF CCET ALLOCATIONS
DENR	9,870,460	98%
MMDA	180,574	1.81% (2%)
DND-AFP	7,615	0.07%
TOTAL	10,058,649	100%

For the next fiscal year, 51% or equivalent to Php 5.1 billion of the climate budget proposals for EES shall be concentrated on the Expanded National Greening Program (eNGP).

The eNGP is the government's biggest forest rehabilitation program. In 2015, through Executive Order No. 193, the NGP was expanded to rehabilitate the remaining unproductive, denuded and degraded forestlands estimated at 7.1 million hectares from 2016 to 2028.

Although the eNGP is tagged as a mitigation program and its performance is tracked based on the number of seedlings planted, it is also viewed as an adaptation strategy by establishing mangrove and beach forests to serve as natural barriers against storm surges.

D

HUMAN SECURITY

Increasing human resilience to decrease vulnerability to current weather-related disasters

The NCCAP Human Security (HS) strategic priority aims to reduce the risks of women and men to climate change and disasters. All of the HS-tagged PAPs for the next fiscal year shall be dedicated for climate adaptation actions.

The Department of Information and Communications Technology (DICT), DENR-Mines and Geosciences Bureau (MGB), and DENR-National Mapping and Resource Information Authority (NAMRIA) comprise the majority of the HS component (see Chart 7).

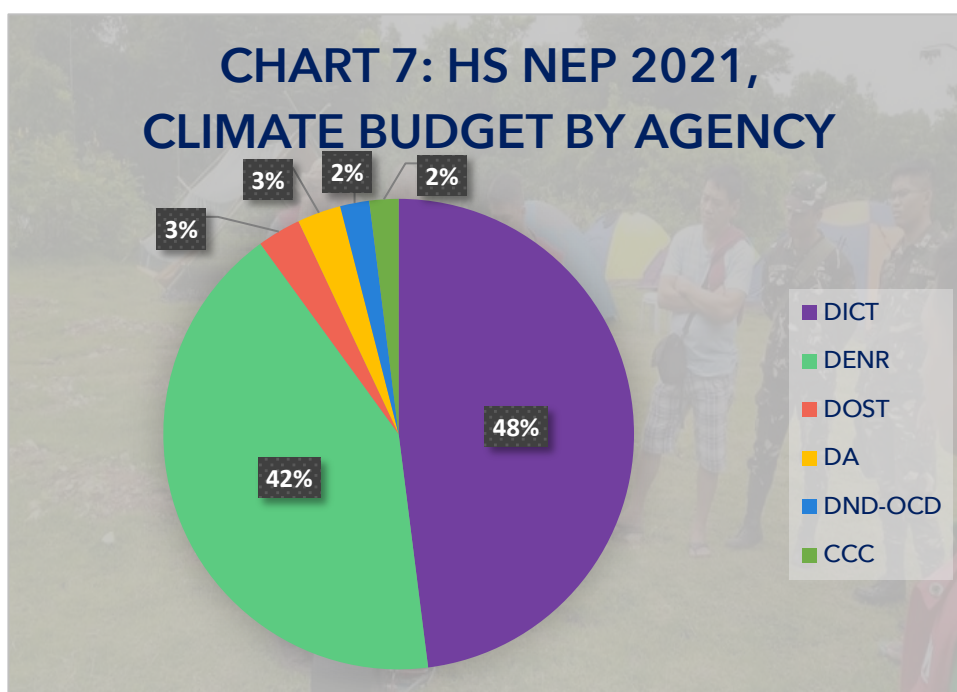


Table 5 below shows the budget request HS allocations per Department/Agency:

AGENCY	FY 2021 CCET ALLOCATIONS (in thousand pesos)	% OF CCET ALLOCATIONS
DICT	334,456	48.21%
DENR	291,038	41.95%
DOST	22,434	3.23%

DA	17,720	2.55%
DND-OCD	17,481	2.52%
CCC	10,659	1.54%
TOTAL	693,788	100%

The following are the key PAPs for this thematic priority:

- **Government Emergency Communication.** Under the DICT, the Php 334 million will cover deployable emergency communications system that aims to provide ICT-enabled support to disaster stricken areas in the country.
- **Geological Risk Reduction and Resiliency Program.** Under the DENR-MGB, the program will further assess the vulnerability and risk exposure to geohazards of road networks, communities and infrastructure of cities and municipalities nationwide. This will be coupled with intensive information, education and communication campaigns aimed at informing the local government executives and the public of the present geohazards in their localities and the ways on how to mitigate them in support of the government's program on climate change mitigation and disaster risk management.
- **Resource Assessment and Mapping.** Under the DENR-NAMRIA, the program will identify, map and profile areas and communities highly prone to climate-related disasters.
- **Empowering Sectors on DRRM for Resiliency.** Under the Office of Civil Defense (OCD), the requested climate budget in the amount of Php 17.4 million shall be allocated to lead emergency response, preparedness, and post- disaster management. Additionally, OCD shall support building knowledge and enhancing capacities for community- and local-level CCAM-DRR initiatives. These will include providing assistance to Local Government Units (LGUs) in enhancing their local disaster risk reduction and management plans, and creating official hazard and risk assessment maps for select LGUs.
- **Community Liaison to Local Climate Change Stakeholders.** Under the CCC, the requested budget in the amount of Php 21.5 million aims to build the capacities of LGUs as climate change frontliners, through the delivery of capacity-building on climate change adaptation and mitigation.

E

CLIMATE-SMART INDUSTRIES & SERVICES

Developing, promoting, and sustaining climate-resilient, eco-efficient, and environment-friendly industries, services, and infrastructure

Budget requests for Climate-Smart Industries and Services (CSIS) under the FY NEP 2021 shall center on the improvement of solid waste disposal and management programs to address the twin challenges posed by climate change and diseases.

The following government institutions belong under this thematic priority: MMDA, Authority of the Freeport Area of Bataan (AFAB), DENR-Office of the Secretary (OSEC), DENR-Environmental Management Bureau (EMB), and the DENR- Palawan Council for Sustainable Development Staff (PCSDS).

CHART 8: CSIS NEP 2021, CLIMATE BUDGET BY AGENCY

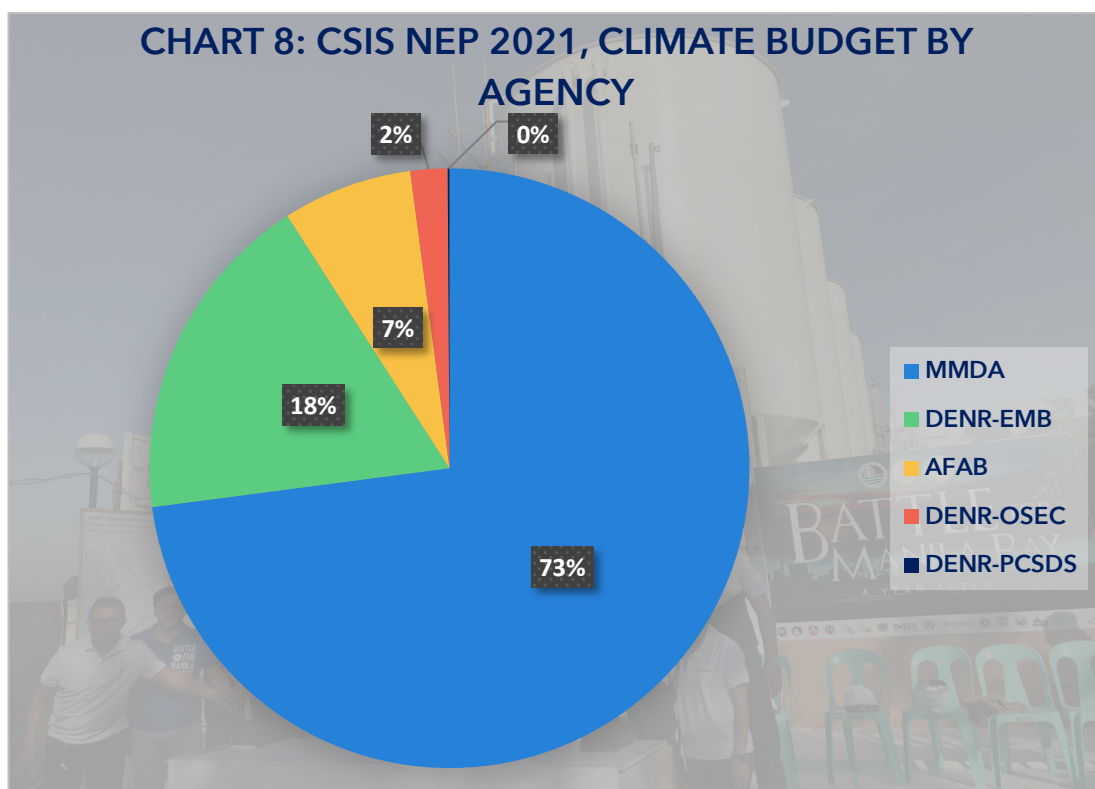


Table 6 below shows the budget request CSIS allocations and its percentage per agency:

AGENCY	FY 2021 CCET ALLOCATIONS (in thousand pesos)	% OF CCET ALLOCATIONS
MMDA	1,989,973	73.29%
DENR-EMB	483,996	17.83% (18%)
AFAB	191,260	7.04%
DENR-OSEC	47,298	1.74% (2%)
DENR-PCSDS	2,721	0.10%
TOTAL	2,715,248	100%

The biggest chunk from the proposed CCE for CSIS, with an allocation of Php 2.3 billion or equivalent to 85% of the climate budget pie, will address the solid waste disposal and management of designated sanitary landfill facilities. Of this, MMDA has allocated Php 1.99 billion while the DENR-EMB has provided Php 329 million.

This is followed by the AFAB and DENR-OSEC amounting to Php 239 million which aims to integrate climate risk considerations in the construction of the agencies' facilities. Meanwhile, the Php 2.7 million from the DENR-PCSDS shall cover the promotion and establishment of centers for skills and sustainable development in the Palawan island.

F

SUSTAINABLE ENERGY

Developing resilient roads with cleaner vehicles and promoting renewable and efficient energy

Next to Water Sufficiency and Food Security comes the Sustainable Energy (SE) with an allocation of Php 12.4 billion or 6.84% of the proposed CCE. For FY 2021, the Environmentally Sustainable Transport and Climate-resilient Energy and Transport Infrastructure sub-strategic priorities have the most number of climate-tagged PAPs. The DPWH, MMDA, Department of Energy (DOE) and DA-Philippine Fisheries and Development Authority (PFDA) comprise the departments/agencies under this strategic priority.

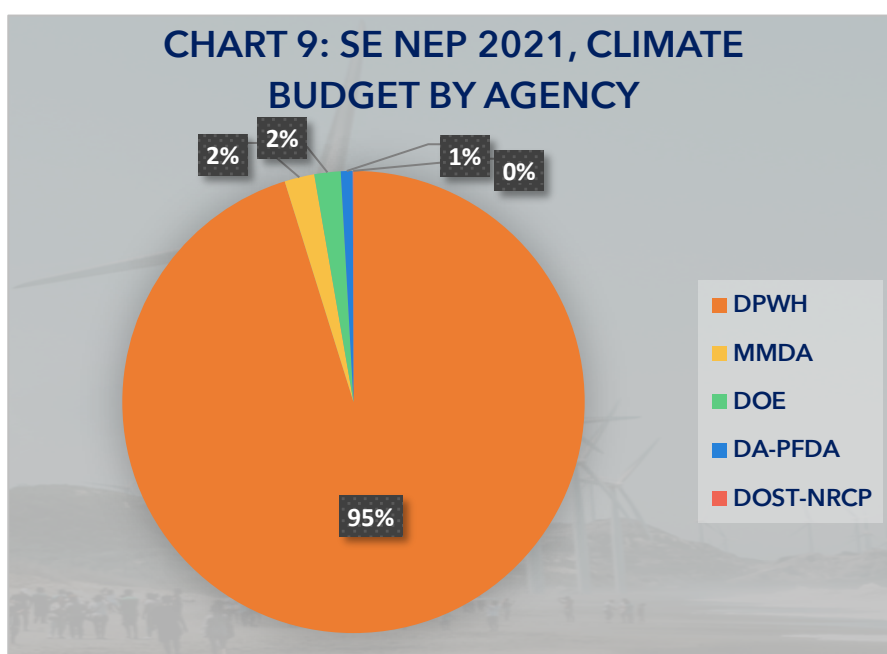


Table 7 below shows the budget request Sustainable Energy allocations and its percentage per agency:

AGENCY	FY 2021 CCET ALLOCATIONS (in thousand pesos)	% OF CCET ALLOCATIONS
DPWH	11,851,432	95.20%
MMDA	259,863	2.09% (2%)
DOE	228,818	1.84% (2%)
DA-PFDA	103,280	0.83% (1%)
DOST-NRCP	6,215	0.05%
TOTAL	12,449,608	100%

95% of the SE allocation is under the DPWH, which will be utilized for preliminary/feasibility studies on government road projects.

The MMDA's share of the CCE for SE will fund the Metro Manila's Traffic Management Programs to counter-measure the environmental effects of traffic woes of the Metropolitan Manila.

The third largest share comes from the DOE amounting to Php 228 million, wherein all of its climate-tagged PAPs are intended to reduce GHG emissions in the energy sector through its banner programs namely: (1) National and Regional Energy Planning Program; (2) Renewable Energy Development Program; (3) Household Electrification Development Program; (4) Energy Efficiency and Conservation Program; and (5) Alternative Fuels and Technologies Program.

While, the DA-PFDA climate budget proposal in the amount of Php 103.2 million will cover the construction of a climate-resilient seaport.

Lastly, the DOST-NRCP's Php 6.2 million climate budget proposal is for the integration of GHG emission researches in the National Research System for Basic Research.

G

KNOWLEDGE AND CAPACITY DEVELOPMENT

Building climate-resilient communities and ecosystems requires appropriate capacity and knowledge on the science, issues and risks

Enhancing knowledge on climate change is just as critical as improving the infrastructure to be resilient to its impacts. Creating a pool of science and evidence-based information derived from research and development is important for sound policy reforms and actions.

The DOST, through its attached agencies⁴, DENR-NAMRIA, CCC and DILG-LGA comprise the FY 2021 NEP CCE in the amount of Php 881 million which will be provided for the Knowledge and Capacity Development (KCD) Strategic Priority.

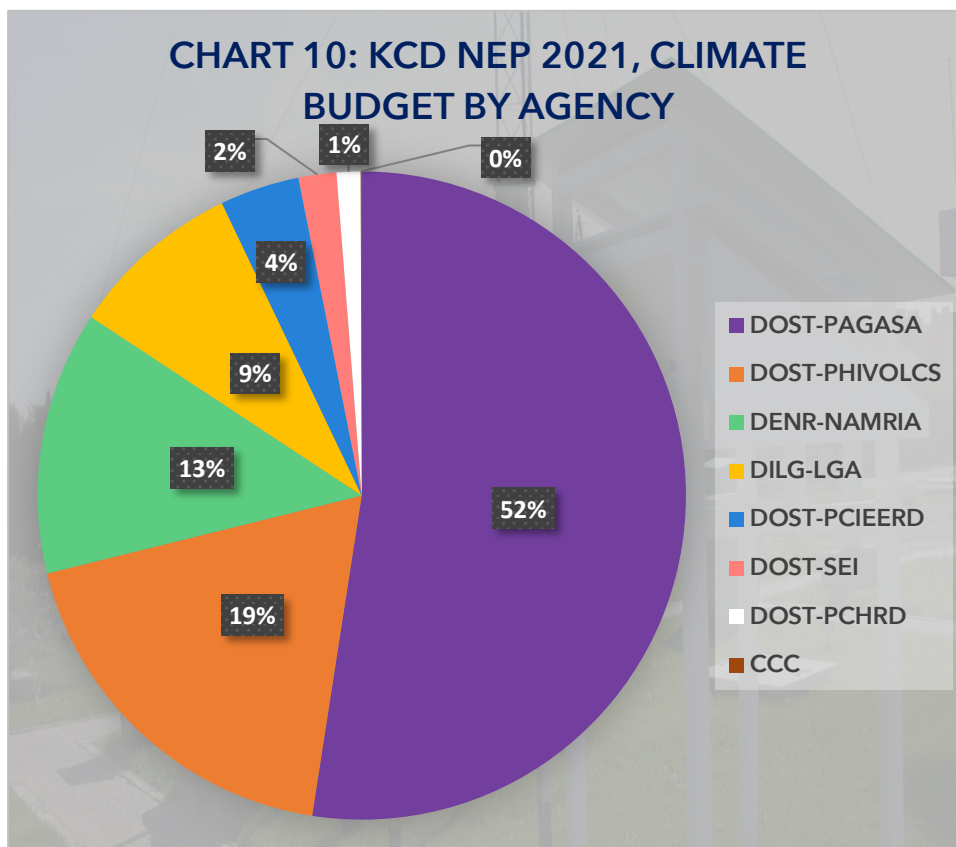


Table 8 below shows the budget request KCD allocations and its percentage per agency:

⁴ Philippine Council for Health, Research and Development (PCHRD), Philippine Council for Industry, Energy and Emerging Technology Research and Development (PCIEERD), Philippine Institute of Volcanology and Seismology (PHIVOLCS), Science Education Institute (SEI), and the Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA)

AGENCY	FY 2021 CCET ALLOCATIONS (in thousand pesos)	% OF CCET ALLOCATIONS
DOST-PAGASA	462,581	52.45%
DOST-PHIVOLCS	164,791	18.69%
DENR-NAMRIA	115,986	13.15%
DILG-LGA	76,000	8.62% (9%)
DOST-PCIEERD	35,028	3.97%
DOST-SEI	16,632	1.89% (2%)
DOST-PCHRD	10,500	1.19% (1%)
CCC	424	0.05%
TOTAL	881,942	100%

Of the total KCD CCE, 52% or Php 462.5 million shall be allocated for the DOST-PAGASA to support weather, climate, and flood forecasting and warning services.

Following the DOST-PAGASA is the DOST-PHIVOLCS (Php 462.581 million) and DENR-NAMRIA (Php 115.986 million) for the studies related to climate change adaptation.

Meanwhile, the CCC, DILG-LGA, DOST-PCIEERD and DOST-SEI have identified KCD actions that will support: (1) research, development and extension work for CCAM-DRR; and (2) capacity-building and development-related activities on climate change.

H

CROSS-CUTTING PRIORITIES

Increasing resiliency of natural resources is investing in the future

The NCCAP recognizes that certain PAPs in the government's climate budget cut across various strategic priorities and sectors. Developing convergence planning, coordination and financing related to climate change are examples of these PAPs.

Under the FY 2021 NEP, the CCC, DENR-PCSDS and Department of Foreign Affairs (DFA) have identified programs for climate convergence planning and coordination.

The CCC, as the lead agency in mainstreaming climate change, requested Php 23.6 million (84%) to set the policy direction and monitor the national and local climate change.

Lastly, the DFA will provide support to the CCC in the amount of Php 1.176 (4%) on setting policy direction and monitoring of climate change in international climate change negotiation and other international climate change diplomatic activities.

**CHART 11: CROSS-CUTTING NEP
2021, CLIMATE BUDGET BY AGENCY**

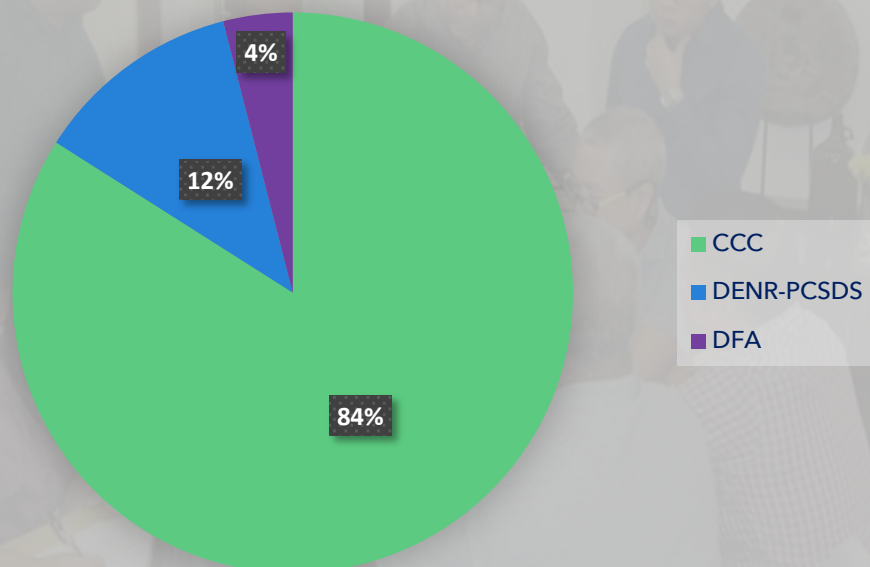


Table 9 below shows the budget request Cross-cutting allocations and its percentage per agency:

AGENCY	FY 2021 CCET ALLOCATIONS (in thousand pesos)	% OF CCET ALLOCATIONS
CCC	23,600	84.39% (84%)
DENR-PCSDS	3,188	11.40% (12%)
DFA	1,176	4.21% (4%)
TOTAL	27,964	100%

4

HARMONIZATION PROCESS OF THE CCET & THE PCB-RRP

The cross-sectoral nature of climate response has necessitated a number of important institutional reforms to facilitate dialogue and strengthen convergence across programs among NGAs and LGUs.

By virtue of Executive Order (EO) No. 24 s. 2017, the CCAM DRRM Cluster, which includes Secretaries from 20 departments and agencies, was mandated to link the member agencies' budgets with performance outcomes.

To foster convergence across the CCAM-DRR Member Agencies and implement the EO, the Cabinet Cluster adopted the CCAM-DRR Roadmap 2018-2022 with the Risk Resiliency Program (RRP) to support its implementation and assist the GOP in delivering climate change adaptation and mitigation outcomes, particularly in strengthening the resiliency of natural ecosystems and adaptive capacity of vulnerable communities to short and long term risks in key Philippine landscapes.

The RRP is one of the programs under the DBM's Program Convergence Budgeting and has the following five (5) key investment areas:

- Community Livelihood, and Enterprise Continuity Program
- Integrated Water Resources Management Program
- Enhancing Coastal Protection Program
- Climate and Disaster Information Services Program
- Seismic Resiliency Program

All of these are aligned with the Philippine Development Plan 2016-2022, and have direct and indirect links to the NCCAP 2011-2028.

As part of the national budget preparation for FY2021, the CCAM-DRR agencies proposed 102 programs for PCB.

Under the FY 2021 Budget of Expenditures and Sources of Financing (BESF), the RRP amounts to Php 152.35 billion, a significant increase from Php 117.09 billion (GAA level) for FY 2020.

A total of 12 participating agencies submitted their proposed PCB PAPs. As mandated under the National Budget Memorandum No. 136 s. 2020 (Budget Priorities Framework for FY 2021), these PAPs were reviewed

to determine if these are aligned with the priority policies, strategies and projects of the Inter Agency Task Force (IATF) Technical Working Group on Anticipatory and Forward Plan.

Below is the distribution of PAPs per member agency of the CCAM-DRR Cabinet Cluster:

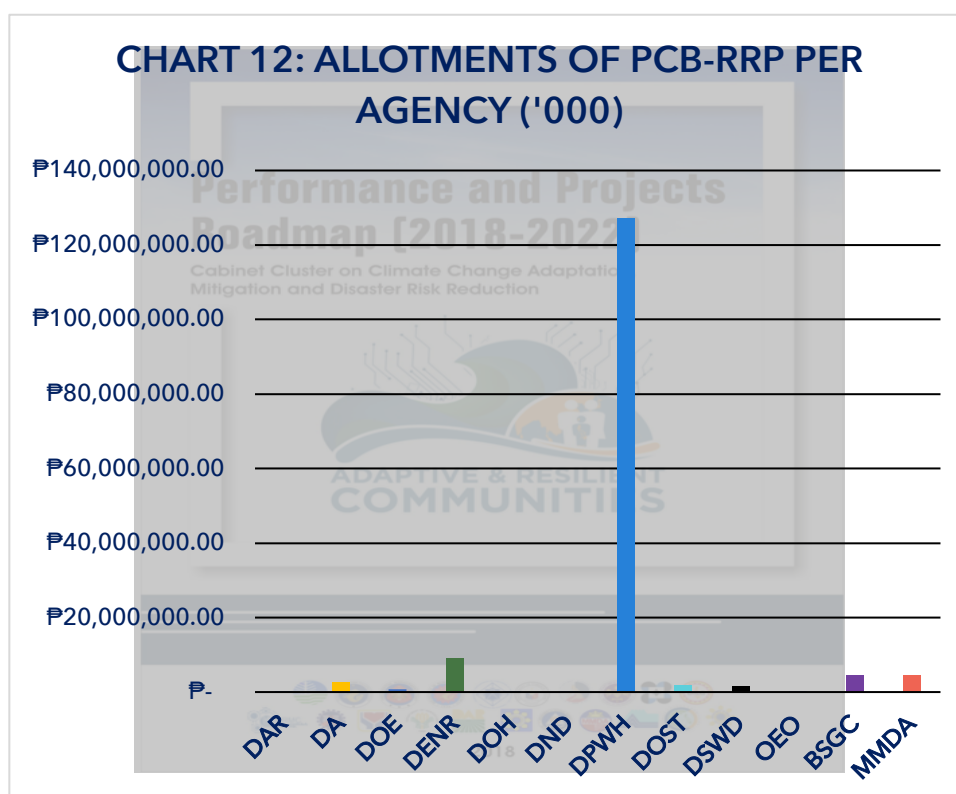


Table 10 below shows the FY 2021 NEP level of the PCB-RRP allocations per Department/Agency:

Agency	CCET Allocations ('000)	% of CCET Allocations
DPWH	126,998,755	83.36%
DENR	PHP 8,932,767	5.86%
GOCCs	PHP 4,500,000	2.95%
MMDA	PHP 4,340,619	2.85%
DA	2,708,212	1.78%
DOST	PHP 1,655,146	1.09%
DSWD	1,617,741	1.06%
DOE	PHP 728,818	0.57%
DND	PHP 315,536	0.21%
DAR	PHP 301,012	0.20%
DOH	PHP 249,237	0.16%
CCC	PHP 3,926	0.003%
TOTAL		

In its capacity as the focal agency handling the CCET Helpdesk and Secretariat of the CCAM-DRR Cabinet Cluster, the CCC is coordinating with the DBM and DENR, as the Chair of the Cluster, to harmonize the process of the PCB-RRP and CCET.

Initial harmonization began last April 2020 wherein the three (3) agencies conducted a joint virtual orientation to the member agencies of the Cluster to discuss the linkage and importance of the CCET and PCB-RRP.

5

WAYS FORWARD IN THE PHILIPPINE CLIMATE BUDGET SYSTEM

Over the last fiscal years, the Government of the Philippines has led a dynamic reform program to improve the mobilization of the climate budget and institutionalize the process.

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Tools and processes developed in 2014 have provided early indications for the need and utility of these reforms in supporting improved planning, prioritization, budgeting and reporting of the Philippines' climate response. The quality of CCET and the process of climate budgeting have been refined progressively to strengthen coordination and to improve the relevance and usefulness of results.

In line with the National Budget Preparation for FY 2021, the CCET Helpdesk shall continue to deliver the following:

1. Development of the CCET Guidance Document for FY 2022;
2. Evaluation of the CCET Process;
3. Deepening convergence with the DBM, Commission on Higher Education (CHED) and Governance Commission for GOCCs (GCG) for the compliance of GOCCs and SUCs; and
4. Further collaboration with the DBM and DENR on the harmonization of the CCET and PCB-RRP process.

ANNEX

I

LINKAGES BETWEEN GENDER AND DEVELOPMENT EFFORTS AND NATIONAL CLIMATE BUDGETING SYSTEM

Climate Change is the defining threat of our time⁵, it exacerbates the many threats, on ones well-being, survival and access to services, including education, water and sanitation, nutrition and health. Women are more than 50% of the world's population, but are still a minority⁶ compounding their risks and greater burdens from climate change impacts, especially those living in poorest and vulnerable situations. Their lack of participation in climate-related planning, policy-making and implementation widens the gender gap and development globally.

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In the Philippines, women's exposure to climate-related risk is a result of: (a) area of residence of poor women, especially in coastal and upland areas; (b) nature of productive work (livelihoods/employment) and the location of these activities; (c) natural resource degradation; and (d) looming water scarcity in the next decades. Women's sensitivity to climate change is a function of their childbearing/lactation and other reproductive roles and their productive roles⁷.

Yet, empowering women has been proven pivotal in addressing climate change and environmental degradation. Women's local knowledge and leadership (i.e. sustainable resource management and/or sustainable practices in the household and community level) resulted in greater responsiveness to citizen's needs, and improved outcomes of climate-related projects and policies.⁶

Mainstreaming gender equality and maximum participation of women and indigenous people on all aspects of climate change will create a multifaceted solution against the threat of global warming. These will require policies, plans and budgets that are both climate and gender responsive.

Policies that enable Gender and Climate Change

⁵ Excerpts from United Nations Secretary-General Antonio Guterres speech at the High-Level event at COP23, November 2018

⁶ Excerpts from speeches of UNFCCC Executive Secretary Patricia Espinosa

⁷ DENR, 2010

In 2009, the Magna Carta of Women was enacted and gender mainstreaming was adopted as the strategy to promote and fulfill women's human rights and eliminate gender discrimination in their systems, structures, policies, programs, processes, and procedures.

In the same year, the Climate Change Act declared it a policy of the State to incorporate a gender-sensitive, pro-children and pro-poor perspective in all climate change and renewable energy efforts, plans and programs. In 2012, the amendments to the Climate Change Law provided for the creation of the People's Survival Fund (PSF). The PSF is a local climate change adaptation fund which takes into account projects responsive to gender-differentiated vulnerabilities, among other considerations.

Initials steps to mainstream gender and climate change in the Budget Framework

The CCET Helpdesk identifies the following preliminary actions that can be done to ensure that the government's budget are both climate- and gender-responsive:

- 1) Coordinate with the Philippine Commission on Women (PCW) and DBM on institutional arrangements and policy development regarding the Gender and Development (GAD) and CCET Budgeting Frameworks;
- 2) Stock take and map the linkage of Climate Change and GAD (*i.e.* existing policies, tools, and frameworks, among others) to develop an evidence-based guidance document for the inclusion of gender in the CCET, and CCAM in the GAD budget; and
- 3) Review all CCET-tagged PAPs for any attribution to GAD.



ANNEX II

DEFINITION OF KEY TERMS

CLIMATE CHANGE:

A change in climate that can be identified by changes in the mean and/or variability of its properties and that persists for an extended period, typically decades or longer, whether due to natural variability or as a result of human activity.

CLIMATE CHANGE ADAPTATION:

An activity should be classified as adaptation-related if it intends to reduce 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 BUDGET:

The total amount of public financing directed towards programs, activities, and projects (PAPs) that are responsive to climate change adaptation and/or climate change mitigation.

CLIMATE BUDGETING:

Classifies public expenditures through a process called climate change expenditure tagging, which uses a typology of the climate responses as identified in government policies.

CLIMATE CHANGE MITIGATION:

A PAP should be classified as climate change mitigation if it aims to reduce greenhouse gas (GHG) emissions, directly or indirectly, by avoiding or capturing GHGs before they are emitted in the atmosphere or by sequestering those already in the atmosphere by enhancing 'sinks' such as forests.

CLIMATE CHANGE EXPENDITURE:

Any PAP that includes components that are responsive to climate change adaptation and/or climate change mitigation.

CLIMATE-SMART INDUSTRIES AND SERVICES:

A strategic priority of the National Climate Change Action Plan (NCCAP), with the main objectives of prioritizing the creation of green and eco-jobs, and sustainable consumption and production.

ECOLOGICAL AND ENVIRONMENTAL STABILITY:

A strategic priority of the NCCAP, with the main objectives of protecting and rehabilitating critical ecosystems and restoring ecological services.

FOOD SECURITY:

A strategic priority of the NCCAP, with the main objective of ensuring availability, stability, accessibility, and affordability of safe and healthy food amidst climate change.

FOREIGN-FUNDED PROJECTS:

Government projects that are wholly or partly financed by foreign loans and/or foreign grants.

HUMAN SECURITY:

A strategic priority of the NCCAP, with the main objective of reducing risks of women and men to climate change and disasters.

KNOWLEDGE AND CAPACITY DEVELOPMENT:

A strategic priority of the NCCAP, with the main objectives of: (i) enhancing knowledge on the science of climate change, (ii) enhancing capacity for adaptation, climate change mitigation, and disaster risk reduction at the local and community levels, and (iii) establishing gendered climate change knowledge management accessible to all sectors at the national and local levels.

MAJOR FINAL OUTPUT (MFO):

A good or service that a department/agency is mandated to deliver to external clients through implementation of programs, activities, and projects (PAPs). An MFO can be defined relative to:

- (i) the outcomes that they contribute to,
- (ii) the client or community group that they serve, and/or
- (iii) the business lines of the department/agency.

An MFO may be a single output or a group of outputs that are similar in nature, targeted at the same organization/sector outcome, and capable of being summarized by a common performance indicator (e.g. different types of policy/advisory are grouped into a single MFO on policy and advisory services).

NATIONAL CLIMATE CHANGE ACTION PLAN (NCCAP):

The National Climate Change Action Plan 2011-2028, adopted by the Climate Change Commission, outlines a three-phase action plan to implement specific programs and strategies for CC adaptation and mitigation. NCCAP's main goals are to build the adaptive capacities of women and men in their communities, increase resilience of vulnerable sectors and natural

ecosystems to climate change, and optimize CC mitigation opportunities towards gender-responsive and rights-based sustainable development.

PAPs:

Refers to programs, activities, and projects undertaken by a department/agency to achieve the purpose for which it was established or created. It should be directly linked to the Major Final Outputs (MFOs) to drive performance improvements.

PROGRAM:

A homogenous group of activities necessary for the performance of a major purpose for which a government agency is established, for the basic maintenance of the agency's administrative operations, or for the provision of staff support to the agency's administrative operations or line functions.

PROJECTS:

Special agency undertakings that are to be carried out within a definite time frame and that are intended to result in some pre-determined measure of goods and services.

RESILIENCE:

The ability of a social or ecological system to absorb disturbances while retaining the same basic structure, functionality, and capacity for self-organization, and to adapt to stress and change.

RISK:

The combination of the magnitude of an impact (a specific change in a system caused by its exposure to climate change) with the probability of its occurrence.

SUSTAINABLE ENERGY:

A strategic priority of the NCCAP, with the main objectives of: (i) prioritizing the promotion and expansion of energy efficiency and conservation; (ii) developing sustainable and renewable energy; (iii) promoting environmentally-sustainable transport; and (iv) supporting climate-proofing and rehabilitation of energy system infrastructure.

TAGGING:

A process of identifying and tracking PAPs in a particular sector or category.

VULNERABILITY:

The degree to which geo-physical, biological, and socio-economic systems are susceptible or unable to cope with the adverse impacts of climate change.

WATER SUFFICIENCY:

A strategic priority of the NCCAP, with the main objectives of sustainably managing and ensuring equitable access to water resources.