

## People's Survival Fund Updates from the NGO representative to the PSF Board

Much has taken place since the 5th PSF Board meeting held 18 September 2015.

Apart from the 6th PSF Board meeting held 14 March 2016, there has also been a flurry of technical working group meetings. The participation and views of the civil society representative to the PSF Board has been solicited regularly by the PSF Board Secretariat and the same has responded positively by providing input and advice.

Pasted below is the Update from the Non-Governmental Representative to the People's Survival Fund Board, delivered 14 March 2016 at the 6th PSF Board meeting.

Other relevant insights, documents and proceedings will be found attached to this post. Below as well, a few framing comments, as we the approach the 7th PSF Board meeting.

1. **Receptivity to feedback:** the Board secretariat has consistently acknowledged input and advice received from the civil society representative to the Board. A lot of views from the NGO Rep have been reflected in draft and agreed documents, after structured discussions and consultations. The openness of the Secretariat is laudable. They excel not only in transparency but have been proactive in seeking the views of non-government representatives to the board, including the representative from the academe and the private sector. This has in turn fostered a more robust exchange that can only increase the efficiency and deepen the quality of the Secretariat's work in the long run.
2. **Transition issues:** Given the weight of the Paris talks and the size of the agenda that emerged from the climate negotiations, the fraught period covering the months just before the national elections in May, and particularly given the change in leadership of the Climate Change Commission, delays in processing proposals, Board and Panel of Expert comments, draft decisions and review of documents are understandable. The civil society representative has seen first hand the effort of the Climate Change Office in ensuring a return to systematic processes, introducing predictability in procedures, clarity in timelines, and accountabilities. Despite persistent difficulties, the civil society representative is confident the Climate Change Office of the CCC is past the intense period of hiccups that are in any case encountered in leadership transitions in most agencies, companies and institutions. The Board Secretariat appears very able and very much aware of the requirements and expectations from the Board over its role.
3. **Officials, not consultants.** A CCC consultant was initially assigned the role of leading Technical Working Groups (TWGs) formed in response to Board decisions. The civil society representative (CSR) requested that such a lead be from a regular government officer instead. The request was granted, and the chemistry and leadership by government in discussions have become better ever

since. This is because of the simultaneous need to use, as well as collect, institutional memory. Due to the generous nature of the team of the Board chair (DOF) and the Board secretariat (CCC), chair TWGs has been delegated more smoothly and capably between the two offices, and the other agencies, including the CSO Rep, have been most appreciative.

4. **Some drawbacks of consultant-led activities.** One consequence of a consultant leading a TWG was evident in the 5 February TWG on local organisation accreditation, when the CCC consultant began the meeting without referring to the relevant Board decisions, and when it became apparent early that most people in the room were familiar with discussions and decisions made by the Board, with the exception of the consultant. Adjustments were made swiftly, however, and the Deputy Executive Director of the Climate Change Office, Assistant Sec. Romell Antonio Cuenca took over and led the Secretariat ably, despite his newness to the climate finance discussion.
5. **Accrediting local organisations.** As it was emphasised in the 5th Board meeting, the CSO Rep stressed during the 5 February TWG key decisions made by the Board to prioritise access by LGUs and also to limit during the Fund's early phase local non-government organisation access to the Fund to soft projects, including the supply of proof of communication with the LGU showing attempts by the local organisation to work with the LGU to address adaptation needs. The CSO Rep informed the TWG as well of responses to an ill-informed CSO paper pointing out purported institutional, procedural, and regulatory that pose severe difficulties to replenishing the Fund and institutional, procedural, and regulatory barriers to local organisations accessing the Fund: all the issues raised had already been discussed and agreed in the 5th Board meeting and in fact discussions were already undertaken with the NGO network. See attached "Response to BITS paper".
6. **Worrisome distortions in risk-transfer approach:**
  - a. Strategies anchored on weather-indexed insurance, also called parametric insurance, gained the welcome attention of the Board when it was first raised for discussion in the 4th Board meeting, and when the GSIS was invited to present its initiatives in the 5th Board meeting last September. GSIS brought along the World Bank to lead the presentation, which provided details as to how risk-pooling might work out with PSF support to local governments in addition to a notion suggesting a substantial portion of the Fund – up to half – be set aside for such activities.
  - b. The CSO Rep raised a number of points when the floor was opened for discussion. (1) This initiative enjoys the support of a broad array of NGOs, including the CSO Rep's organisation. (2) The Board should pursue the development of rules that will accelerate the intention of local governments to integrate risk-transfer strategies and instruments in their adaptation plans. (3) The CSO Rep encouraged the Board to go through an important weather-indexed insurance report ICSC wrote and co-published with the CCC and Oxfam in 2012 showing various risk-transfer programs already underway in the country. (4) The CSO Rep pointed out

however that risk-transfer initiatives need to be demand-driven, hence it is illogical to set aside half or even a 10th of the Fund if there is no demand backing such a move. (5) GSIS responded saying there is huge demand already for parametric insurance coverage. The CSO Rep then suggested that it should then be easy for LGUs to send proposals reflecting such demand. (6) The CSO Rep advised GSIS to focus on ensuring clarity in LGU ownership of such proposals and for reputational issues to avoid giving the impression their interest is largely World Bank-spurred. GSIS responded by reiterating the presence of great demand from seven to eight provinces, by recognising the validity of the concerns raised and that they'd start working on the suggestions and resulting action points. (7) The CSO Rep stressed the importance of ensuring sustainability of weather-indexed insurance initiatives, which means it cannot be considered falling within any measure of sustainability if an LGU is covered for a year, even three years, by weather-indexed insurance whether partially, largely or wholly covered by the Fund, if on the following year such coverage ends. Meaning, the Fund's aim is to incentivize LGUs to adapt, or in this case, incentivise to adopt risk insurance strategies in the long-term. It is a waste of resources and will likely end up as mal-adaptation if risk-transfer coverage ends when Fund support for the LGU scheme ends as well. The CSO Rep suggested exploration of phased approaches, where the Fund reduces support as the LGU increases its own spending for parametric insurance coverage. (8) The CSO Rep reiterated his support for the Board Chair's request to speed things up in processing work so that proposals can be approved early.

- c. Draft guidelines for risk transfer initiatives were distributed by the Secretariat a few days ahead of the 5 February TWG on parametrics insurance (attached). A consultant opened the proceedings without reference (and also detailed context) of the previous Board's decisions on the matter. The DOF's Treasury official, Ed Mariño, expressed his frustration that guidelines were unclear and that some requirements should not be applicable to risk-transfer activities (such as furnishing an ECC). The CSO Rep concurred and asked the TWG to accelerate development of risk-transfer guidelines and review what can be retained from handbook and what may not be required, but that meantime work should proceed in processing with dispatch all applications, whether risk-transfer-oriented or not. In addition, there is still no proof that there is demand from provinces identified by GSIS and World Bank in the 5th Board meeting, other than some letters expressing interest to tap the Fund. The CSO Rep reminded the TWG that ownership of adaptation plans is critical, because it also determines what is the central opportunity and issue – that of sustainability, which means the Board will likely not be compelled (the CSO Rep will certainly not be in favor) of a scheme where risk transfer coverage of the LGU ends when Fund support ends. This is why ownership is vital, because it provides a pathway

through which the LGU considers strategies that will not only sustain coverage of their area but broaden coverage over the most vulnerable sectors as well. DOF's John Narag concurred. The CSO Rep suggested again to the TWG to go through and distribute the iCSC-CCC-Oxfam weather-indexed insurance report to inform all concerned about the various options LGUs should be encouraged to explore, which should include the GSIS initiative as well. The rest is in the attached minutes from the 5 Feb parametrics insurance TWG, including other CSO Rep comments.

- d. The matter came up again during the 6th Board meeting on 14 March 2016 held at the Treasury, in Item IV.b of the agenda (For Deliberation), when Mr Mariño expressed frustration over what he described as seemingly constantly changing requirements for risk-transfer applications, changes that he said was making it difficult for him to explain back to applicants. The CSO Rep in response raised a number of points:
  - i. Despite profession of huge demand from provinces since the 5th Board meeting, when the CSO Rep encouraged GSIS and the World Bank to encourage LGUs to send proposals right away, no proposal appears to have been sent for CCO scrutiny
  - ii. Sustainability is key, which is even more important given the risk-pooling idea of the GSIS-related proposal. If there is no indication risk insurance initiatives will be sustained beyond the period covered by PSF support, proposals of this nature appear unwise.
  - iii. Evidence of ownership is key, and this ranges from the most basic authorisation by the Sangguniang Panlalawigan or Bayan resolution, to demonstrating where the actual initiative is located in the vulnerability, risk and development contexts of the locale.
  - iv. In terms of ownership – it is even more important to show risk transfer interest is driven by demonstrable demand from the locality and not entities supplying – or pushing – said services.
  - v. It is likewise important to show what is being covered – assets, sectors, etc.
  - vi. The CSO Rep requested the TWG (and committed himself and his organisation) to accelerate work on the fine points so that the Chair's intention to see through risk insurance among the early proposal approvals is carried, even as he requested proponents to actually submit serious proposals rather than just convey intent. The CSO Rep also found it odd Mr Mariño was concerned about having to explain to applicants when this is the job of the CCO, or at least the CCO as lead with Mr Mariño's participation.
  - vii. The CSO Rep communicated to DOF's Rommel Herrera and John Narag his discomfort over the way Mr Mariño has been approaching the risk-transfer issue, particularly given the continued lack of proposals for such initiatives as mentioned in the 4th and 5th Board meetings.

- e. This matter was discussed again in the 5 April TWG at the CCC, convened by the team of Assec. Cuenca as head of the Fund Board Secretariat, and presided over by DOF's John Narag. The CSO Rep raised a number of points:
    - i. Continuing lack of attention regarding ownership, sustainability, demand-driven issues raised previously.
    - ii. A submitted proposal circulated by the Secretariat to TWG members appears infirm, due to a number of reasons, some of which are below:
      - 1. Entire sections appear lifted verbatim from the World Bank parametrics template
      - 2. It did not display any information, context, risk assessments, even demographics – intrinsic to the local circumstances of any applicant LGU.
      - 3. Brief discussions by iCSC with the PPDO of in two of the provinces mentioned previously by the World Bank and GSIS in the 4th and 5th Board meeting and the February TWG showed either the LGU thought they were applying for a World Bank project or that risk-transfer was not an adaptation priority, which is tremendously troubling to the CSO Rep, given requests and pleadings made in the 4th and 5th Board meetings to be careful about reputational risks and to focus on ensuring risk-transfer-oriented proposals are demand-driven.
      - 4. This point is buttressed by the CCO's Highlights/minutes of the 14 March TEC held at the Treasury, which was distributed in the 5 April TWG, where Item #5 states the parametric insurance proposal twice as a "World Bank insurance initiative" and "insurance product of the World Bank". (See attached document.)
    - iii. The CSO Rep welcomes the responsive and deliberative approach of CCO head Assec. Cuenca, who shares the view that the staff need to move ready proposals rapidly forward for approval and those at an early phase to a readiness stage. The request to circulate documents from proposals the CCO deems close to being ready to be sent for Board approval was reiterated, so that the Secretariat can get a feel of how other Board members might see issues or the lack thereof, and where improvements can still be made, prior to tabling the said proposals for Board approval.
7. **Regarding the 6th Board meeting:** The 6th PSF Board meeting was largely uneventful, similar to previous meetings of the Board. The meeting was called to order at 1300 and was presided by DOF Usec Bobby Tan, in what was likely his last PSF Board meeting, as he will be, according to reports, assuming the role full time of National Treasurer and leaving the role of PSF Board Presiding Officer and head of the DOF's International Finance Group (IFG) to Usec Didit Tan.

Given the recent change of leadership in the CCC and the resulting transition of new officers, including the taxing conclusion of the Paris climate talks where staff of the CCC was heavily involved, there was an understandable delay in transmitting proceedings and documents arising from the 18 September 5th PSF Board meeting, particularly as new officers were wrestling with the stacked agenda from the very productive 5th PSF Board meeting.

The meeting covered around 12 items in all, but key issues discussed involved:

- a. Risk-transfer instruments
- b. Accreditation of local non-government organisations seeking to access the Fund, and
- c. The MDFO as the funding conduit of the PSF, a proposal that was approved by the Board, which requested the CCO to circulate the MOA for signing by designated authorities.