

# PROJECT PHILIPPINES: THE ADAPTATION FINANCE ACCOUNTABILITY INITIATIVE



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Climate Finance often refers to funding that developing countries utilize to adapt to climate change and strengthen climate resilience. The better term might be adaptation finance, which has increased over the years in the form of international commitments and domestic spending.

But it is not enough to define funding flows. Questions such as the following add significance to the deployment of adaptation finance.

How much adaptation finance is actually available within developing countries?

How is it being directed and used, and by whom?

Is it reaching the local level? Are the needs of the poorest and most vulnerable being met and do they have a say in how funding is deployed?

To address these essential issues, the Institute for Climate and Sustainable Cities (iCSC) partnered with the World Resources Institute (WRI), Overseas Development Institute (ODI) and Oxfam to launch the Adaptation Finance Accountability Initiative (AFAI). The purpose:

- examine how climate adaptation and resilience finance is delivered at the domestic and local level;
- pilot new tracking and monitoring tools to improve finance transparency;
- and promote more effective accountability with regard to adaptation finance.

The project is being undertaken with other partners in Zambia, Uganda and Nepal. In the Philippines, more objectives have been established by iCSC.

# PHILIPPINE CONTEXT

Adaptation finance represents a significant and growing section of total international funding flows to the Philippines. In the period from 2009 to 2011, for instance, over PhP10 billion in climate adaptation-tagged funding from different international sources was committed for delivery to the Philippines. But how much was disbursed, to which sectors, using what modalities and through which institutions? Was adaptation the primary, sole or secondary focus of specific funding streams? Which funding streams were designed to reach the local level? How much of this was aligned with national and local priorities?

These are important points of inquiry. To ensure that the AFAI project contributes as well to Philippine-specific challenges, iCSC added a few more goals:

1. Help increase the profile of slow onset climatic impacts, such as long-term changes in average precipitation or sea level-rise, in the national discourse.
2. Promote shared understanding about the current state of adaptation finance, particularly in the Philippines, in relation to international and domestic funding flows and processes.
3. Operationalize Section 7(p) of R.A. 10174, also known as the People's Survival Fund (PSF) law, which provides the Climate Change Commission (CCC) the mandate to act as the information hub on climate finance for the Philippines.
4. Develop tracking instruments for the government, particularly [Adaptracker.org](http://Adaptracker.org), to which citizens can contribute as well.

# AFAI DATA AND LIMITATIONS

Though this may change in the near future as new information is collated and consolidated, AFAI data represents funding for climate change adaptation activities that have largely come from Organisation for Economic Co-operation and Development (OECD) and multilateral institutions such as the World Bank, Asian Development Bank and the United Nations Development Programme. AFAI data started out with 299 activities on its roster in March 2013, representing adaptation projects undertaken in the period from 2009 to 2011. Recent updates have bumped this figure up to 331 projects. Activities that are included in AFAI pertain to public funding and private sources of funding (except those from private foundations, which were not included in the overview of international flows).

Data fields included in the AFAI are summarized as follows:

1. Source of data
2. Name of donor
3. Specific agency of the donor
4. Donor type
5. Project number
6. Project name
7. Project Description
8. Adaptation relevance as marked by donor
9. Adaptation relevance as revised by ODI-WRI
10. Whether the activity is a national or part of a regional project with multiple countries
11. Sector
12. Total commitment
13. Total disbursement
14. Commitment and disbursement year
15. Recipient
16. Recipient type
17. Financial instrument used
18. Start date
19. End date
20. Other Information

# OVERVIEW OF AFAI DATA ANALYSIS

Analysis of AFAI data is a vital part of the tracking process. There are several ways to show AFAI data, which can help illustrate how adaptation finance streamed into the Philippines.

## A. By source of funds

In general, sources of adaptation funds can be categorized as follows:

1. **Bilateral institutions.** Funding that represents a source country and can be handled by a country's diplomatic office in the Philippines, e.g. its embassy, or its designated development agency. Examples of these are Japan's JICA, USAID or FSF from the US, and Germany's BMZ.
2. **Multilateral institutions.** These are institutions whose memberships are composed of governments that collectively govern the organization and its primary source of funding. For instance, the World Bank and UNDP.
3. **Special Climate Funds.** These are funds with their own board and management structure and which were created specifically to address adaptation and/or mitigation issues. Examples are

the Germany's International Climate Initiative and the Special Climate Change Fund.

4. **International NGOs.** Non-government organizations that operate in different countries and whose headquarters are not located in a recipient country. For example, WWF, Oxfam and IUCN.

5. **Private Foundation.** A philanthropic donor that does not represent a government or multilateral organization and is created by an individual person or a group of persons to provide assistance to developing countries.

AFAI data for the Philippines involve the first three types of funding: bilateral, multilateral and special climate funds. Initial analysis shows 257 activities that are funded by bilateral sources, 67 by multilateral funds and seven by special climate funds. Most of the data for bilateral sources of funds come from the Creditor Reporting System (CRS) of OECD. Table I summarizes commitments and disbursements by bilateral sources based on AFAI data.

**TABLE I** COMMITMENTS AND DISBURSEMENTS OF BILATERAL SOURCES (IN USD)

SOURCE OF FUNDS	NO. OF ACTIVITIES	TOTAL COMMITMENT	TOTAL DISBURSEMENT
AUSTRALIA	13	\$15,848,909	\$ 15,848,909
BELGIUM	12	\$ 2,244,935	\$ 3,434,528
CANADA	32	\$ 897,473	\$ 492,837
EU INSTITUTIONS	7	-	\$ 14,524,746
FINLAND	3	\$ 3,659,594	\$ 2,995,614
GERMANY	77	\$ 24,889,456	\$ 15, 667,808
IRELAND	4	\$ 407, 531	\$ 407,531
ITALY	1	\$ 15,430	\$ 10,801
JAPAN	27	\$ 144,349,045	\$ 120,787,848
KOREA	12	\$ 29,340,759	\$ 5,028,041
LUXEMBOURG	5	\$ 155,769	\$ 155, 769
NEW ZEALAND	3	\$ 2,412,909	\$ 1,932,223
NORWAY	6	\$ 126,286	\$ 126,286
SPAIN	13	\$ 8,490,082	\$ 6,730,287
SWEDEN	19	\$ 1,939,407	\$ 1,517,065
SWITZERLAND	3	\$ 9,590	\$ 71,828
UNITED KINGDOM	6	\$ 33,105	\$ 33,105
US FSF	14	\$ 25,170,000	-
<b>TOTAL</b>	<b>257</b>	<b>\$ 259,990,280</b>	<b>189,765,226</b>

**TABLE II** COMMITMENTS AND DISBURSEMENTS OF MULTILATERAL SOURCES (IN USD)

SOURCE OF FUNDS	NO. OF ACTIVITIES	TOTAL COMMITMENT	TOTAL DISBURSEMENT
ASIAN DEVELOPMENT BANK (ADB)	19	577,035	–
UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)	45	11,966,748	9,596,934
WORLD BANK (WB)	3	8,420,000	–
<b>TOTAL</b>	<b>67</b>	<b>20,963,283</b>	<b>9,956,934</b>

The conditions in projects funded by bilateral and multilateral institutions are similar, however, and it has not been wholly determined whether efforts in the Philippines funded by multilateral institutions genuinely qualify as adaptation.

**TABLE III** COMMITMENTS AND DISBURSEMENT OF SPECIAL CLIMATE FUNDS BASED ON AFAI DATA (IN USD)

SOURCE OF FUNDS	NO. OF ACTIVITIES	TOTAL COMMITMENT	TOTAL DISBURSEMENT
GERMANY'S INTERNATIONAL CLIMATE INITIATIVE	4	24,975,000	–
SPECIAL CLIMATE CHANGE FUND	2	6,020,000	4,970,000
MDG ACHIEVEMENT FUND	1	8,000,000	8,000,000
<b>TOTAL</b>	<b>7</b>	<b>38,995,000</b>	<b>12,970,000</b>

## BY ADAPTATION RELEVANCE

The Handbook on the OECD-DAC Climate Markers defines an activity to be climate-related “when 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.” This includes a range of activities like knowledge generation, capacity development and planning, and implementation of climate change projects.

An activity can be qualified for the climate adaptation marker if (a) the climate change adaptation objective is explicitly indicated in the activity documentation and (b) the activity contains specific measures targeting the previous criteria. The scoring system for Rio markers being used by OECD are defined as follows:

1. Principal policy objectives. An activity can be scored ‘2’ when its policy objectives are identified as fundamental in the design and objective of the activity. If the question “would the activity have been undertaken without this objective?” elicits a positive reply, then the activity can be scored ‘2’.
2. Significant policy objectives. This refers to activities with a climate adaptation component, which are not necessarily the principal reason for undertaking the said activity. These activities are scored as ‘1’.
3. Not targeted. This score means the activity has been screened against, but was found not to target the policy objective.

**TABLE IV** ADAPTATION RELEVANCE, WITH COMMITMENTS AND DISBURSEMENTS (IN USD)

ADAPTATION RELEVANCE	NO. OF ACTIVITIES	TOTAL COMMITMENT	TOTAL DISBURSEMENT
MARKED AS ‘1’	183	48,426,854	62,345,516
MARKED AS ‘2’	60	186,393,426	127,419,710
DONORS THAT DO NOT USE RIO ADAPTATION MARKERS (SPECIAL FUNDS, ADB, UNDP, WB, US FSF)	88	85,128,783	22,566,934

ADAPTATION RELEVANCE IN AFAI DATA IS BROADLY DIVIDED IN TWO SECTIONS: (1) THOSE MARKED BY THE DONOR AND THOSE THAT ARE (2) REVISED BY ODI AND WRI. THE FIRST COLUMN IS USED TO INDICATE WHETHER A DONOR ITSELF MARKS A PROJECT AS ADAPTATION RELEVANT. THE SECOND COLUMN IS BASED ON THE ANALYSIS OF PROJECT INFORMATION ABOUT THE ACTIVITY.

**TABLE V** REVISED ADAPTATION RELEVANCE OF DONORS THAT USE RIO ADAPTATION MARKERS AND CORRESPONDING COMMITMENTS AND DISBURSEMENTS (IN USD)

ADAPTATION RELEVANCE	NO. OF ACTIVITIES	REVISED ADAPTATION RELEVANCE	COMMITMENT	DISBURSEMENT	TOTAL				
		UNCHANGED	CHANGED TO '0'	UNCHANGED	CHANGED TO '0'	UNCHANGED	CHANGED TO '0'	COMMITMENT	DISBURSEMENT
MARKED AS '1'	183	126	57	34.617	13.809	38.657	23.687	48.426	62.345
MARKED AS '2'	60	54	6	184.046	2.346	126.831	0.588	189.393	127.419

TABLE V SUMMARIZES ACTIVITIES THAT HAVE NOT CHANGED AND THOSE THAT DID NOT TARGET THE POLICY OBJECTIVE (CHANGED TO '0') OF THE ACTIVITY TOGETHER WITH ITS COMMITMENT AND DISBURSEMENT.

**TABLE VI** REVISED ADAPTATION RELEVANCE OF DONORS THAT DO NOT USE RIO ADAPTATION MARKERS (IN USD)

REVISED ADAPTATION RELEVANCE	NO. OF PROJECTS	NO. OF PROJECTS THAT MIGHT NOT EVEN BE ADAPTATION	TOTAL COMMITMENT	TOTAL DISBURSEMENT
MARKED AS '0'	1	0	3.7	-
MARKED AS '1'	52	24	34.649	7.338
MARKED AS '2'	19	0	46.779	15.228
BLANK	15	12	-	-

SOME PROJECTS DID NOT USE RIO MARKERS AT ALL. HOWEVER, THESE WERE STILL EVALUATED BY ODI AND WRI BASED ON RIO MARKER SCORING. TABLE VI SHOWS THE SCORING OUTCOME.

## BY SECTOR

Activities reported to the OECD also follow a classification system.

**TABLE VII** COMMITMENTS AND DISBURSEMENTS OF BILATERAL DONORS TO VARIOUS SECTORS

SECTOR	NO. OF ACTIVITIES	TOTAL COMMITMENT	TOTAL DISBURSEMENT
POST-SECONDARY EDUCATION	3	28,848	19,258
HEALTH, GENERAL	1	4,238,411	664,408
BASIC HEALTH	2	2,119,205	14,173,753
POPULATION POL./ PROGR. & REPRODUCTIVE HEALTH	3	-	3,555
WATER SUPPLY & SANITATION	10	35,614	4,512,800
GOVERNMENT & CIVIL SOCIETY-GENERAL	26	4,736,366	2,612,347
CONFLICT, PEACE AND SECURITY	4	160,266	161,975

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SECTOR	NO. OF ACTIVITIES	TOTAL COMMITMENT	TOTAL DISBURSEMENT
OTHER SOCIAL INFRASTRUCTURE & SERVICES	4	501,807	557,357
ENERGY	1	6,117	6,117
BANKING AND FINANCIAL SERVICES	5	3,604,004	2,982,682
BUSINESS & OTHER SERVICES	1	-	10,029
AGRICULTURE	35	27,162,143	3,251,433
FORESTRY	10	5,391,979	6,298,084
FISHERIES	14	605,555	562,261
INDUSTRY	5	101,006	65,076
CONSTRUCTION	2	-	5,271,046
TRADE POLICIES & REGULATIONS	2	34,624	18,853
GENERAL ENVIRONMENT PROTECTION	54	39,630,671	34,206,005
OTHER MULTISECTOR	26	6,783,996	5,728,345
DEV. FOOD AID/FOOD SECURITY ASSISTANCE	1	-	4,764
RECONSTRUCTION RELIEF & REHABILITATION	4	113,056,376	69,355,153
DISASTER PREVENTION AND PREPAREDNESS	26	24,366,219	39,248,653
NO SPECIFIED SECTORS	15	27,350,000	-
TOTAL		259,990,258	189,765,226

LEGEND:

● NEW SECTORS ADDED IN APRIL 2013.

● ORANGE. TOP THREE SECTORS WITH HIGHEST COMMITMENT.

● BLUE. TOP THREE SECTORS WITH HIGHEST DISBURSEMENT.

**TABLE VIII** COMMITMENT AND DISBURSEMENT OF MULTILATERAL DONORS TO VARIOUS SECTORS

SECTOR	NO. OF ACTIVITIES	COMMITMENT	DISBURSEMENT
AGRICULTURE AND NATURAL RESOURCES	5	204,650	-
ECONOMIC AND DEVELOPMENT POLICY/PLANNING	1	-	-147
ENVIRONMENTAL POLICY AND ADMINISTRATIVE MANAGEMENT	19	9,389,462	7,326,105
FINANCE	2	725	-
HUMAN RIGHTS	3	1,699,652	1,593,515
MULTISECTOR	4	179,860	-
PUBLIC SECTOR MANAGEMENT	1	-	-
SECTORS NOT SPECIFIED	1	-	-856
SECURITY SYSTEM MANAGEMENT AND REFORM	4	877,634	678,317
WATER SUPPLY AND OTHER MUNICIPAL INFRASTRUCTURE AND SERVICES	7	191,800	-
PROJECTS WITH BLANK SECTORS	20	8,420,000	-
TOTAL		20,771,983	9,596,934

MULTILATERAL SOURCES OF FUNDS USE A DIFFERENT METHOD IN IDENTIFYING THE SECTOR WHERE CLIMATE FUNDS ARE ALLOCATED. THE LIST OF SECTORS FOR MULTILATERALS IS SUMMARIZED IN TABLE VIII.

## BY COMMITMENT AND DISBURSEMENT YEAR

AFAI data represents projects that commenced from 2000 to 2012.

**TABLE IX** COMMITMENT YEAR OF PROJECTS, NUMBER OF PROJECTS AND TOTAL COMMITMENT

COMMITMENT YEAR	NO. OF ACTIVITIES	TOTAL COMMITMENT
2000	1	75,00
2007	1	33,800
2008	2	5,040,000
2009	4	4,098,850
2010	94	186,363,318
2011	194	87,733,935
2012	14	28,314,160
UNKNOWN YEAR	21	8,290,000

TABLE IX SHOWS A SUMMARY OF THE PROJECTS UNDER DIFFERENT COMMITMENTS YEAR WITH TOTAL DISBURSEMENT.

**TABLE X** DISBURSEMENT YEAR OF PROJECTS, NUMBER OF PROJECTS AND TOTAL DISBURSEMENT

DISBURSMENT YEAR	NO. OF ACTIVITIES	TOTAL DISBURSMENT
2008	1	8,000,000
2010	89	79,797,873
2011	182	119,564,287
BLANK	59	4,970,000

TABLE X SHOWS FUNDING FOR PROJECTS COVERING 2008 TO 2011.

## BY FINANCIAL INSTRUMENT USED

The following table shows that a large part of adaptation funding to the Philippines has come in grants.

**TABLE XI** FINANCIAL INSTRUMENT USED FOR PROJECTS IN AFAI

FINANCIAL INSTRUMENT	NO. OF ACTIVITIES	TOTAL COMMITMENT	TOTAL DISBURSMENT
GRANT	290	307,351,923	171,101,209
LOAN	11	570,210	38,265,156
TECHNICAL ASSISTANCE	10	3,825	-
EQUITY INVESTMENT	2	3,604,004	2,965,765
BLANK	18	8,420,000	-

TABLE XI SHOWS A SUMMARY OF FINANCIAL INSTRUMENTS USED BY DIFFERENT DONORS FOR ACTIVITIES IN THE AFAI DATA.

# BY RECIPIENT OF CLIMATE ADAPTATION FUNDING

A crucial part of AFAD data is the data field describing the recipient and recipient type of data. Analysis of this field is important because it shows the actual funding stream from source to recipient.

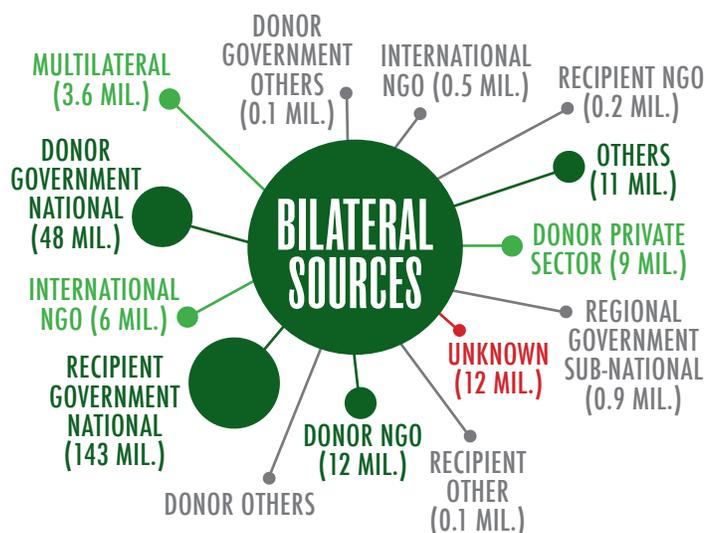
**TABLE XII** RECIPIENTS

RECIPIENT	CODE	SOURCE OF FUND			TOTAL COMMITMENT
		BILATERAL	MULTILATERAL	SPECIAL FUND	
DONOR GOVERNMENT NATIONAL	DGN	48,173,307	-	24,975,000	73,148,307
DONOR GOVERNMENT OTHER	DGO	188,062	-	-	188,602
DONOR GOVERNMENT SUB-NATIONAL	DGS	15,894	-	-	15,894
DONOR NGO	DN	22,602,747	-	-	22,602,747
DONOR OTHER	DO	304,444	-	-	241,703
DONOR PRIVATE SECTOR	DPRIV	9,859,594	-	-	9,859,594
INTERNATIONAL NGO	IN	579,388	-	-	579,388
INTERNATIONAL NGO OTHERS	INGO	6,500,000	-	-	6,500,000
MULTILATERAL	M	3,693,547	4,560,376	6,020,000	14,273,923
OTHERS	O	11,061,071	777,634	-	11,793,705
RECIPIENT GOVERNMENT NATIONAL	RGN	143,422,301	5,001,343	-	148,423,644
REGIONAL GOVERNMENT SUB-NATIONAL	RGS	954,909	243,559	-	1,198,468
RECIPIENT NGO	RN	210,015	-	-	210,015
RECIPIENT OTHER	RO	138,500	-	-	138,500
UNKNOWN RECIPIENT	(BLANKS)	12,470,000	10,242,371	8,000,000	

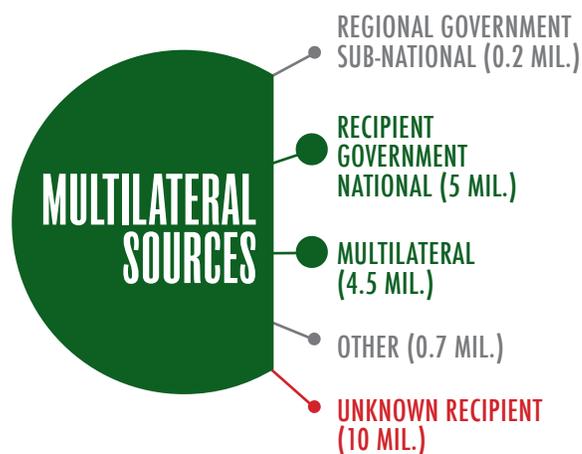
TABLE XII SHOWS A LIST OF RECIPIENTS OF CLIMATE ADAPTATION FUNDING AND TOTAL COMMITMENTS.

THE FOLLOWING FIGURES (FIGURE I, II, AND III) SUMMARIZE THE INTERNATIONAL FUNDING FLOWS FOR BILATERAL, MULTILATERAL AND SPECIAL FUNDS BASED ON AFAD DATA.

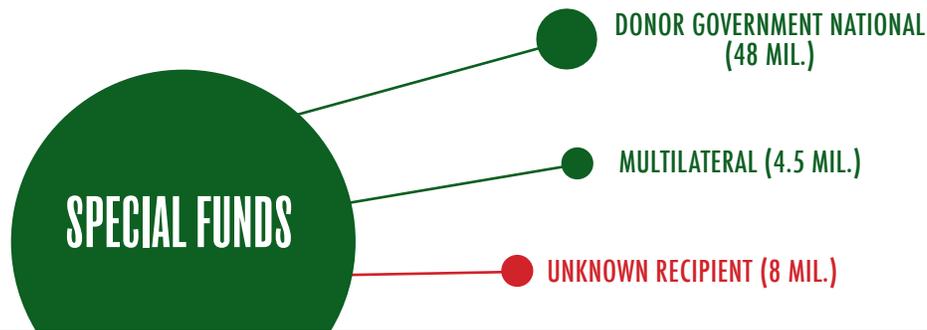
**FIGURE I** FUNDING FLOW OF BILATERAL SOURCES TO RECIPIENT TYPE BASED ON COMMITMENTS



**FIGURE 2** FUNDING FLOW OF MULTILATERAL SOURCES TO RECIPIENT TYPE BASED ON COMMITMENTS



**FIGURE 3** FUNDING FLOW OF SPECIAL FUNDS TO RECIPIENT BASED ON COMMITMENT



# AFAI: JOIN THE CONVERSATION

Should adaptation funding continue with the current focus on project-based financing, or should it start channeling resources towards mainstreaming climate resilience in the government's development programs? Tracking money flows is a central part of the conversation. The Adaptation Finance Accountability Initiative intends to keep this conversation going.

It will also contribute critical questions about climate change interventions in the Philippines in response to episodic climate-induced disasters, for instance, or the lack of attention given to slow onset climate impacts, which may represent an even greater long-term threat. An example of these are changes in annual average precipitation and the anticipated shift in the intertropical convergence zone, which will spell less annual precipitation in huge areas in Mindanao or higher-than average rainfall in Luzon, both of which are projected to cause steady declines in crop yield.

Included in this discourse are national executive agencies, local governments, legislative chambers, society organizations, the academe and other stakeholders. The Adaptation Finance Accountability Initiative will help them gain a better idea about adaptation initiatives and challenges. It will help policy makers understand how international climate change-related financing activities influence domestic funding efforts and planning processes.

If participated in actively by all stakeholders, the project will ultimately contribute to a more informed, climate-aware citizenry. ●



INSTITUTE FOR CLIMATE AND SUSTAINABLE CITIES

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The Institute for Climate and Sustainable Cities (iCSC) is a non-profit organization working on sustainable energy solutions and fair climate policy.

iCSC is behind the Climate-Friendly Cities (CFC) initiative, which integrates sustainable transport with clean energy generation. iCSC helped lead the campaign that established the People's Survival Fund, the country's first direct access-driven financial mechanism dedicated to supporting the adaptation programs of local governments and communities.

iCSC launched the electric jeepney revolution in July 2007 and, together with partners among national agencies, local government, the academe and civil society, has since produced significant milestones such as the first domestically manufactured eJeepney (2008), the first e-vehicle battery-swapping program (2011), and the first commercial eJeepney fleet franchise in 2012 (issued to the private consortium formed by iCSC).

The eJeepneys won the top transport solutions prize in a global contest run by the Ecopolis Program of Discovery Channel in 2009 and were awarded the grand prize in the 2012 Inclusive Mobility Challenge organized by the Ateneo School of Government and the Rockefeller Foundation.

iCSC's climate policy agenda is focused on climate adaptation finance and low carbon development, pioneering long-term policy transformation and sustainable social enterprise.

iCSC contributes to Philippine climate policy development by championing in the international arena the inclusion and enforcement of environmental and social safeguards with direct access climate finance while pushing the So-FiT initiative, or Socialized Feed-in Tariffs, which aims to leverage international and domestic financial mechanisms to address costs arising from the transition to renewable energy-led development.

A digital copy of this report can be downloaded at the resource center of iCSC. Go to [www.ejeepney.org](http://www.ejeepney.org) and click 'Resource Center'.

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