

National Assessment of the Enabling Framework Conditions for Urban Climate Finance in the Philippines

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About the Institute for Climate and Sustainable Cities (ICSC)

ICSC is a Philippine-based climate and energy policy group advancing climate resilience and low-carbon development at the local, national and international levels. As part of its urban development agenda, ICSC works closely with local governments and urban development planners in promoting, piloting, and advancing resilient, inclusive, low-carbon strategies that readily address the development challenges of cities and rapidly urbanizing communities.

About URBAN-ACT

The Integrated Urban Climate Action for Low-Carbon and Resilient Cities (Urban-Act) project supports a transformation toward low-carbon and resilient urban development in Asia-Pacific while contributing to countries' Nationally Determined Contributions and the advancement of the Sustainable Development Goals. The project is funded by The Federal Ministry for Economic Affairs and Climate Action under the International Climate Initiative. The project is implemented in five countries: India, China, Indonesia, the Philippines, and Thailand. In the Philippines, the project is implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the Institute for Climate and Sustainable Cities (ICSC), and Clean Air Asia (CAA), with the Department of Interior and Local Government (DILG) as its main political partner. United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP); United Cities and Local Governments Asia-Pacific (UCLG-ASPAC); the Technical University Dortmund (TU Dortmund); and the University of Stuttgart (), Germany, are the regional implementing partners of the project.

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Table of Contents

About the tool	6
Glossary of Terms	7
Overview of the Philippines Climate Action	9
Assessing the National Enabling Framework Conditions of the Philippines	10
Climate Policy	10
Budget and Finance (BF)	20
Climate Data (CD)	32
Vertical and Horizontal Coordination (VHC)	36
Recommendations and Ways Forward	42

About the tool

The National Assessment of Enabling Framework Conditions (EFCs) for Subnational Climate Finance Tool (National Assessment Tool hereafter) is a diagnostic instrument that aims to assess the enabling environment for mobilizing climate finance at the subnational level. Its findings are based on four dimensions: (i) climate policy, (ii) budget and finance, (iii) climate data, and (iv) vertical and horizontal coordination. Through these dimensions, the tool aims to help national and local governments identify gaps, challenges, and recommendations towards strengthening access and mobilizing climate finance.

The National Assessment Tool has been piloted in India and Indonesia, and the results of the assessments are available in the CCFLA and Urban-Act websites. In the Philippines, the assessment was accomplished through the Urban-Act Project, building on both national and city-level engagements. Its implementation is based on the following processes:

Institutional Setup and Mapping: Key government partners and stakeholders involved in each dimension were identified. The scope of the assessment, suitable methods for urban climate action, sources of data and information for the assessment, and the succeeding steps were discussed and presented.

Preliminary Data Collection: Desk research was conducted to obtain available policies, data, and plans. Subsequently, interviews and focus group discussions were conducted to gather further information and provide context for each dimension.

Validation Workshop: A validation workshop was conducted on June 4, 2024, to assess the initial findings and identify any data gaps from the key stakeholders. The primary goal of the activity was to review key insights and recommendations from the assessment, ensuring that these recommendations are aligned with the priorities and thrusts of the national government.

Glossary of Terms

Term	Explanation
Climate finance	The CCFLA definitions used are based on the definitions of climate finance developed by the Climate Policy Initiative (CPI) for mitigation and adaptation projects in the Global Landscape of Climate Finance. ¹ The CPI’s working definition of climate finance is aligned with the recommended operational definition of the UNFCCC Standing Committee on Finance (see UNFCCC SCF, 2014, 2016, 2018, 2020): “Climate finance aims at reducing emissions, and enhancing sinks of greenhouse gases and aims at reducing vulnerability of, and maintaining and increasing the resilience of, human and ecological systems to negative climate change impacts.”
Enabling framework conditions (EFCs)	An EFC is a component of a broader enabling environment, which is urban climate finance in this case. EFCs collectively constitute an enabling environment for achieving minimized and well-managed risks and where the rights, roles, and assets of all stakeholders are established. Previous CCFLA work has focused on EFCs for climate-smart cities, which facilitate low-carbon, climate-resilient urban development. EFCs can be, but are not limited to, policies, legal frameworks, governance structures, implementation capacity, and financing and investment structures. ²
Reliable	Following an agreed-upon schedule and time and including multi-year agreements/budgetary commitments. Future transfers are certain and expected to be provided as indicated in official agreements, documents, and regulations.
Subnational government	The terms “subnational” and “subnational government” refer to the multiple levels of government that operate below the national level. Common terms for subnational governments include states, provinces, territories, regions, counties, municipalities, cities, or similar. ² See Box A for advice on interpreting “subnational” when applying this tool.
Systems of intergovernmental transfers	The structure, type, and frequency of fiscal transfers between national and subnational governments.

¹ Climate Policy Initiative (CPI). 2023. The Global Landscape of Climate Finance 2023. Available at: <https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2023/>

² Gutierrez, Arturo Herrera (2015). What are we talking about when we talk about “subnational governments? Available at: <https://blogs.worldbank.org/governance/what-are-we-talking-about-when-we-talk-about-subnational-governments>

Urban areas	The term “urban” refers to functional urban areas, which consist of a densely inhabited city and a less densely populated commuting zone whose labor market is highly integrated with the city. ³ The term “urban” also includes cities with physical boundaries that are officially locally defined by the city government in question, which, depending on the context, may include less urbanized areas such as peri-urban commuting zones. ⁴
Urban climate finance	Urban climate finance refers to resources directed to activities limiting city-induced greenhouse gas (GHG) emissions or aiming to address climate-related risks faced by cities, contributing to resilience and low carbon development. ⁵

Box A. Applying dimensions which refer to “subnational”

Certain dimensions may refer to “subnational” in terms of policy and/or finance. Users of this tool have discretion over the level of government to which this refers. Disparate country contexts, decentralization structures, and governance regimes mean that cities and urban areas have varying levels of autonomy over climate policy, budgeting, and planning. In this case, it may be best to consider the city or metropolitan level that most closely works on urban climate finance. In some cases, the state or regional levels may be more appropriate for some dimensions. We use the term “subnational” in this document to allow flexibility and indicate where the dimensions apply to urban climate goals.

³ European Commission/OECD (2019). The EU-OECD definition of a functional urban area. Available at: https://www.oecd-ilibrary.org/urban-rural-and-regional-development/the-eu-oecd-definition-of-a-functional-urban-area_d58cb34d-en

⁴ CCFLA/World Bank (2021). 2021 State of Cities Climate Finance. Available at: <https://citiesclimatefinance.org/publications/2021-state-of-cities-climate-finance/>

⁵ Ibid.

Overview of the Philippines Climate Action

The Philippines remains to be one of the most vulnerable countries to the detrimental effects of climate change. According to German Watch's Global Climate Risk Index (CRI), which measures the level of exposure and vulnerability of countries to extreme weather events vis-a-vis associated socio-economic indicators, the Philippines ranked fourth overall among the most affected countries in 2000–2019, with a long-term CRI rate of 18.17. The report emphasizes that the increasing threats of climate change globally will continue to hit the poorest and developing countries and cities, citing issues of low coping and adaptive capacity attributed to exposure to multiple hazards, sensitivity of ecosystems to climate variability, and poor human development. The Philippines faces additional risks because of its fast-growing cities, poor transportation systems, and limited mobility options.

The overview of this situation highlights some of the pertinent issues and challenges that remain relevant in view of climate-responsive urban development and climate resiliency at the national and local levels. The Philippine government has implemented strategic reforms and commitments through climate policies and international agreements to address these challenges. The implementation of these policies into effective local climate action depends on a strong enabling environment in which EFCs play a crucial role. The EFCs include policy frameworks, institutional systems, financial resources, and information systems that enable subnational governments to execute climate-responsive interventions effectively. These conditions provide essential bases for urban climate finance mobilization and local development strategies that incorporate climate action.

In this context, the Urban-Act Project applies the National Assessment Tool to assess the Philippines' institutional and operational readiness for climate-responsive urban development. Accordingly, a situational analysis using the National Assessment Tool aims to (i) understand the existing policy frameworks that enable cities to pursue climate-responsive urban development, zeroing on the financial resources necessary to implement climate actions at the city level; (ii) identify the implementation gaps and opportunities that could inform future interventions related to climate-responsive urban development; and (iii) provide recommendations for interventions that could facilitate the climate-responsive urban development financing of cities.

Assessing the National Enabling Framework Conditions of the Philippines

The National Assessment Tool provides findings across four categories: (i) climate policy, (ii) budget and finance, (iii) climate data, and (iv) vertical and horizontal coordination. Hence, the Tool enables the exploration of challenges and opportunities for mobilizing subnational climate finance. Both primary and secondary data were gathered to provide a thorough understanding of the enabling conditions for urban climate finance in the Philippines.

1.1 Climate Policy

The Philippines maintains an extensive climate policy structure, which includes fundamental legislation in the form of the Climate Change Act of 2009 and essential frameworks such as the National Climate Change Action Plan (NCCAP), NDCs, and National Adaptation Plan (NAP). The country expresses its commitment to establishing a climate-resilient low-carbon future through sustainable pathways defining essential development routes in energy infrastructure, transport systems, agricultural practices, and human settlement. These frameworks are integrated into the broader development agenda through Ambisyon Natin 2040 and the Philippine Development Plan (PDP) 2023–2028, recognizing climate action as vital for achieving sustainable and inclusive development.

Despite the existence of comprehensive frameworks, gaps persist especially at the local government level. Challenges include localizing climate targets into practical local outcomes. At the local level, priorities for climate action are covered in the formulation of the respective Local Climate Change Action Plans (LCCAPs) of local government units (LGUs). However, limited resources and manpower are common challenges that weaken the ability of cities to deliver their climate initiatives.

The National Integrated Climate Change Database and Information Exchange System (NICCDIES) and Climate Change Expenditure Tagging (CCET) are tools that enable the monitoring of climate progress, but their utility at the local level remains low. Local governments face major obstacles in effectively using these systems because of insufficient guidance, as well as limited resources and manpower. There are no established performance indicators that help evaluate the climate impact generated by LGU initiatives.

In the future, LGUs need more than legal mandates to fulfill their role because they require enabling conditions and resourced institutions and policies that focus on transformation rather than ambition. Moving toward a better system of multi-level governance is essential. National and local actors must establish formal dialogue through knowledge exchange platforms and peer learning initiatives to address implementation gaps. Local champions, together with academic institutions and civil society organizations, need to collaborate for the effective implementation of climate action at the city level by linking technical and social aspects.

The results of the climate policy assessment are shown in Table 1.

Table 1. Assessment Results for Climate Policy (CP) in the Philippines

Dimension	Dimension Detail	Assessment Input
CP Subcategory 1.1: National climate change policies		
National mitigation strategy	1.1.1 Mitigation: the national government has a national climate change mitigation strategy, such as a Nationally Determined Contribution (NDC) or similar document. The strategy includes a long-term pathway to achieve climate targets. Targets are binding.	<p>The Philippines has established an ambitious plan for reducing greenhouse gas (GHG) emissions under the Paris Agreement through its NDC. It has committed to a 75% reduction in emissions from the business-as-usual trajectory by 2030, with a 2.71% unconditional target and 72.29% conditional target that is dependent on international support.</p> <p>The NDC highlights key sectors such as energy, transport, agriculture, and waste management, focusing on renewable energy, sustainable transport, and climate-smart initiatives. It also aligns with national plans, including the Philippine Development Plan (PDP, 2023–2028) and Ambisyon Natin 2024. In 2024, the Philippine government developed the NDC Implementation Plan (NDCIP), which provides a detailed roadmap for achieving the said targets. The plan specifies sectoral policies and measures, implementation strategies, and monitoring mechanisms to track progress and ensure accountability.</p>
National adaptation strategy	1.1.2 Adaptation: the national government has a national climate change adaptation strategy, such as National Adaptation Plan (NAP) or similar document. The strategy includes a long-term pathway to achieve climate targets. Targets are binding.	In 2011, the Philippines formulated the National Climate Change Action Plan (NCCAP), which provides the national framework strategy for climate change up to 2028. This plan provides strategic direction for the country in the areas of food security, water sufficiency, ecosystem and environmental stability, human security, climate-smart industries and services, sustainable energy, and knowledge and capacity development.

		<p>Meanwhile, PDP 2023–2028 mainstreams adaptation strategies as part of the overall national development priorities.</p> <p>In 2024, the government formulated NAP 2023–2050, which serves as the framework for setting sectoral and cross-cutting priorities, enhancing governance systems, and securing funding for long-term adaptation planning. The key sectors covered by the strategies and actions of the NAP include the following: (a) agriculture, fisheries, and food security; (b) water resources; (c) health; (d) ecosystems and biodiversity; (e) cultural heritage, population displacement, and migration; (f) land use and human settlements; (g) livelihoods and industries; and (h) energy, transport, and communications. Moreover, NAP identifies cross-sectoral adaptation strategies toward (a) strengthening infrastructure resilience, (b) safeguarding livelihoods, (c) empowering local governments and communities, (d) mainstreaming integrated adaptation governance, and (e) scaling up nature-based solutions.</p>
<p>National government regularly updates national climate policy</p>	<p>1.1.3 The national government updates climate policies/commitments for both mitigation and adaptation regularly according to the NDC cycle or voluntarily depending on their macroeconomic situation, developmental trajectory, climate-related incidents, or similar. For example: the adaptation plans are updated after a climate-related disaster incident such as urban floods.</p>	<p>The Philippines regularly updates its climate policies to reflect international commitments and changing national circumstances, such as economic development and climate-related disasters.</p> <p>NCCAP 2011–2028 establishes a framework for adaptation and mitigation planning.</p> <p>PDP 2023–2028, which is updated every administration change, outlines the country’s climate strategies, primarily in Chapter 15: Accelerate Climate Action and Strengthen Disaster Resilience, with additional climate-related strategies integrated across other chapters. These strategies are reviewed and updated annually through the Philippine</p>

		<p>Development Report and during the PDP’s midterm review and update.</p> <p>For mitigation, the Philippines’ first NDC, submitted in 2021, targets a 75% reduction in GHG emissions by 2030. The NDCIP shows how these pathways can be achieved. For adaptation, the formulation of NAP 2023–2050 provides a comprehensive roadmap for long-term adaptation.</p>
<p>Climate policy monitoring and reporting at the national level</p>	<p>1.1.4 There are transparent monitoring and reporting systems in place that track progress towards climate goals using climate data. There are enforcement mechanisms in place with the capacity to enforce any deviation from climate goals.</p>	<p>The Philippines employs transparent mechanisms for monitoring and reporting its progress toward climate goals. The National Integrated Climate Change Database and Information Exchange System (NICCDIES) of the Climate Change Commission (CCC) is the centralized portal of climate information. It consolidates data on climate actions from the public and private sectors. It also facilitates the provision of data for policymaking, investments, and development planning.</p> <p>Additionally, Climate Change Expenditure Tagging (CCET) and Local Climate Change Expenditure Tagging (LCCET) support the tracking of mitigation and adaptation expenditures at the national and local levels. Such mechanisms ensure that budget allocations are aligned with climate objectives at these levels.</p>
<p>National climate change risk assessment</p>	<p>1.1.5 The national government regularly conducts a national climate risk assessment, which includes various climate change factors, such as temperature changes, extreme weather events, sea-level rise, infrastructure vulnerability, and socio-economic vulnerability, among others.</p>	<p>The CCC adopted the National Climate Risk Management Framework to provide guidance for integrating risk analysis into planning and decision-making processes, aiming to reduce vulnerabilities and enhance resilience at all levels.</p> <p>At the local level, local government units (LGUs) are required to implement the Climate and Disaster Risk Assessment (CDRA). They are mandated to ensure that local government programs and local</p>

		<p>development plans include community-specific vulnerabilities and national resilience priorities.</p> <p>At the national level, platforms such as the Geospatial Information and Analysis Project for Hazards and Risk Assessment in the Philippines (GeoRiskPH) Platform facilitate the development of comprehensive climate risk assessments. In particular, the GeoRiskPH Platform offers essential tools and information such as hazard maps, risk assessment, early warning system, and decision support tools that help determine the country’s vulnerabilities and risk reduction.</p>
<p>CP Sub-Category 1.2: National regulations for subnational climate policies</p>		
<p>National mitigation strategy has urban content</p>	<p>1.2.1 The national government’s mitigation strategies include specific urban and/or subnational content. The national policies/strategies specifically elaborate subnational governments' roles and/or guiding frameworks for climate mitigation actions.</p>	<p>The Philippines' NDCIP integrates urban and local government content in its national mitigation strategies. The roles of LGUs in addressing climate change are covered under certain policies and measures for the energy, transport, waste management, and agriculture sectors. They include the implementation of clean and renewable energy solutions, expansion of electric vehicles, and enhancement of waste-to-energy programs.</p> <p>As of 2017, LGUs were expected to implement climate change mitigation strategies as part of the enhanced Local Climate Change Action Plans (LCCAPs) but should ensure that these strategies are adapted to local contexts. Relevant government agencies such as the CCC, Department of Human Settlements and Urban Development (DHSUD), and Department of the Interior and Local Government (DILG) provide technical assistance and capacity-building support to ensure the effective participation of LGUs.</p>

<p>National adaptation strategy has urban content</p>	<p>1.2.2 The national government's adaptation strategies include specific urban and/or subnational content. The national policies/strategies specifically elaborate subnational governments' roles and/or guiding frameworks climate adaptation actions.</p>	<p>NAP 2023–2050 emphasizes the need for LGUs to implement climate change adaptation (CCA) interventions according to their local contexts. Such strategies include empowering LGUs to take proactive measures that are aligned with national objectives. The plan also emphasizes the importance of integrating adaptation efforts into local development plans. It reiterates that LGUs are mandated to conduct climate and disaster risk assessments, which become the basis for localized adaptation strategies.</p> <p>LGUs in coastal or flood-prone areas are also identified for adaptive infrastructure resilience, including the reinforcement of flood management systems and implementation of green infrastructure solutions. The NAP encourages cities to use nature-based solutions, enhancing both urban resilience and biodiversity.</p>
<p>National policies include urban climate targets and specify subnational roles</p>	<p>1.2.3 National urban policies specifically include climate targets. The national urban policies specifically elaborate subnational governments' roles and/or standards of action in climate mitigation and adaptation actions.</p>	<p>The national policies of the country set clear climate objectives for cities and outlines concrete tasks for LGUs in terms of adapting to and mitigating climate change. Major policies, including the National Urban Development and Housing Framework, PDP, NDC, Climate Change Act, and NCCAP, incorporate the said objectives into city planning and disaster risk reduction. In general, these policies ensure that national climate objectives are turned into local actions, although their implementation is contingent upon ongoing monitoring, capacity building, and sufficient financing for LGUs.</p>
<p>National government sets KPIs to measure urban climate progress</p>	<p>1.2.4 The national government sets key performance indicators (or additional metrics) to measure urban climate progress towards targets (e.g., percentage reduction in GHG emissions compared to a baseline year, number of</p>	<p>Key national plans, such as the PDP, NDC, and NAP, have their respective targets and corresponding monitoring and evaluation components, including those that cover urban climate action, to ensure that progress is made and interventions are aligned with national priorities and goals.</p>

	<p>climate-resilient infrastructure projects implemented).</p> <p>Note: Include city and/or urban data where available.</p>	<p>For example, according to the NDCIP, the NDC baseline and targets establish the total emission of the country in 2020 at 204 million metric tons of CO₂e, which the Philippines has committed to reducing by 75% by 2030. Policies and measures are identified and prioritized by departments at the sectoral level. The sector departments are responsible for developing the policies and measures in response to the objectives, ensuring that the current and future policies and measures reflect the objectives, and updating the NDC Technical Working Group (TWG) about additional opportunities.⁶</p> <p>Another example is the Results Matrix of the PDP that contains year-by-year and end-of-plan indicators and targets that the government seeks to attain within each of the outcomes during the plan period. Under the PDP's Chapter 15: Accelerate Climate Action and Strengthen Disaster Resilience, indicators to accelerate climate action and strengthen disaster resilience are laid out for each identified outcome.</p>
<p>National regulation enables dedicated subnational climate bodies</p>	<p>1.2.5 There is a national legal/regulation/ policy framework at the national level that enables subnational governments to establish a dedicated local agency/body for planning, coordination and/or implementation of climate actions. Through this body, subnational governments can plan for long-term local climate actions.</p>	<p>Existing legal frameworks enable LGUs to establish dedicated local bodies for climate action planning, coordination, and implementation. The Climate Change Act of 2009 mandates LGUs to formulate local climate action plans and authorizes them to establish dedicated climate bodies or offices in support of this purpose. Relatedly, the Disaster Risk Reduction and Management Act of 2010 requires LGUs to establish local disaster risk reduction and management offices. The DILG provides regular guidelines in the form of memorandum circulars that support how LGUs can plan and implement long-term climatic measures.</p>

⁶ Implementation Plan for the Republic of the Philippines NDC 2020-2030

<p>National regulation requiring local reporting on climate actions</p>	<p>1.2.6 There is a national legal/regulation/ policy framework requiring subnational governments to report their implementation of climate actions.</p>	<p>LGUs are mandated to report their climate actions. Under the Climate Change Act of 2009, LGUs are required to develop and regularly update their LCCAPs. LGUs also tag and report climate expenditures through LCCET. Certain items are also being monitored under the Seal of Good Local Governance (SGLG) as incentives to LGUs.</p>
<p>National requirement for subnational GHG inventories</p>	<p>1.2.7 There is a national legal/regulation/ policy framework requiring subnational GHG inventories to be conducted. The national government provides support for subnational governments to conduct these inventories.</p> <p>For example, support may include technical or financial support for subnational GHG inventories.</p>	<p>Under the Enhanced LGU Guidebook on the Formulation of Local Climate Change Action Plan, LGUs need to undertake GHG inventory as part of the country’s commitment to the Paris Agreement. Through this activity, LGUs are able to measure their carbon footprints and formulate interventions to facilitate low emissions development in their localities. These efforts are supported at the national level through technical trainings and guidelines by relevant national government agencies, including the CCC, DILG, and DHSUD. Much work is still required as numerous LGUs have technical gaps, limited resources, and unavailable local data that add to the challenge in periodically conducting these inventories.</p>
<p>National requirement for city climate change risk assessment</p>	<p>1.2.8 There is a national legal / regulation / policy framework requiring city-level climate change risk assessments. The national government provides support for cities to incorporate climate risks into their development planning documents.</p>	<p>The CDRA is a methodology for understanding and assessing the potential impacts of hazards to lives, properties, and other elements at risk. The conduct of the CDRA is required in compliance with the Climate Change Act of 2009 (Republic Act [RA] 9729) and Disaster Risk Reduction and Management Act of 2010 (RA 10121). Guidance on how to conduct the assessment was provided as early as 2013 under the Housing and Land Use Regulatory Board (HLURB) Guidebooks 2013-2014, Volume 2: Sectoral Studies and Tools for Situational Analysis; and Supplemental Guidelines on Mainstreaming Climate Change and</p>

		<p>Disaster Risks in the Comprehensive Land Use Plan.</p> <p>In an initial scoping conducted, the lack of extensive understanding of the CDRA remains a gap and hindrance in the formulation of climate-responsive proposals, particularly in accessing finance. One of the crucial factors is that despite the existence of relevant data, LGUs do not have the capacity to understand them (e.g., risks assessments, reduction of risks). The capacity development programs organized previously were inadequate as the LGUs did not fully understand how to properly analyze data and how to use these data in establishing the climate rationale behind the proposals.⁷</p>
<p>National requirement for city climate action plan & urban resilience plans</p>	<p>1.2.9 There is a national legal/regulation/ policy framework that requires subnational governments to develop city-level climate action plans, urban resilience plans, or similar documents. Specify if the city- or municipality-level plans are mandatory or not.</p> <p>For example, specify whether city-level climate action plans are required or whether subnational integration of climate targets into development planning documents is required.</p>	<p>The Climate Change Act of 2009 mandates LGUs to prepare and submit LCCAPs. Meanwhile, the Disaster Risk Reduction and Management Act of 2010 requires Local Disaster Risk Reduction and Management Plans to build resilience to climate hazards. Section 11 of RA 10121 states that “LGUs shall ensure the integration of DRR [disaster risk reduction] and CCA into local development plans, programs and budgets as a strategy in sustainable development and poverty reduction.”</p> <p>As per RA 9729, it shall be the responsibility of the national government to extend technical and financial assistance to LGUs for the accomplishment of their LCCAPs.</p>
<p>CP Sub-Category 1.3: National requirements for involving subnational in planning</p>		
<p>National requirement for involving subnational government in</p>	<p>1.3.1 There is a national legal/regulation/ policy framework, such as National Planning Document(s), requiring the integration of subnational</p>	<p>Inputs and perspectives from the local level are considered in national planning through various consultation processes, TWGs, and forums. Key national development plans, including the NDCIP,</p>

⁷ Urban-Act Country Situational Report: Financing Mechanism for Climate and Cities

<p>climate planning</p>	<p>government perspectives on local climate actions into national planning processes. This can include national strategies on disaster risk reduction and biodiversity protection, or similar documents.</p>	<p>NAP, and PDP 2023–2028, have their own formulation processes, and they include the role of LGUs in addressing climate risks and reducing emissions. Additionally, submissions from LCCET contribute to budget tracking for climate initiatives and serve as input for policy and decision-making at the national level.</p>
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1.2 Budget and Finance (BF)

The Philippines maintains public financial systems that support national and subnational development and climate-related investments. Following the Mandanas–Garcia ruling, the National Tax Allotment (NTA) boosts LGU fiscal transfers to enable more autonomous and enhanced spending capabilities.

Local governments maintain the power to generate their own income and participate in credit agreements and financial partnerships, but they continue to heavily depend on financial support from the national government. The implementation of alternative financial tools, including municipal bonds and public–private partnerships (PPPs) and loans, faces resistance because of institutional barriers, unclear regulatory frameworks, and insufficient financial planning expertise. The revenue strategies of LGUs remain conventional because they tend to avoid exploring new financing instruments that carry risks.

The government has created CCET and LCCET systems to help monitor government spending, which follows national and local government climate priorities. However, this initiative still faces ongoing structural and operational difficulties. The allocation of budget resources primarily follows traditional sectoral distribution patterns instead of climate vulnerability and emissions reduction performance indicators.

Climate-specific funding in the form of the People’s Survival Fund supports climate adaptation and resilience, but local governments struggle with preparing proposals that fulfill the funding requirements. The main obstacle stems from the challenges of creating solid climate rationale as basis for interventions. To better support climate action, local and national investment plans need to be more closely aligned. Local governments require guidance and technical assistance in mobilizing climate finance and developing additional funding streams. The development of LGU capacity for climate finance, green budgeting, and proposal writing stands as an essential priority. The promotion of green bonds, PPPs, and blended finance requires supportive policies and incentives. Strategic planning combined with performance-based budgeting that focuses on climate goals will enable the best use of increased local budgets.

The results of the assessment of budget and finance are shown in Table 2.

Table 2. Assessment results for budget and finance in the Philippines

Dimension	Dimension Detail	Assessment Input
BF Sub-Category 2.1: Public financing and national budget		
National definition for climate finance	2.1.1 The national public financial framework (or similar documents) sets out clear criteria for what counts as climate/green/sustainable finance for domestic and donor finance.	CCET allows the national government to categorize its expenditures as intended for climate action or not during the National Budget Process. It classifies public expenditures between climate change adaptation and mitigation (CCAM), which are further subcategorized through typologies mirroring the NCCAP. This is part of the efforts to present a standard method for mainstreaming climate change into the budget process.

		<p>Relatedly, the national government launched the Philippine Sustainable Finance Roadmap that outlines the specific actions the government will take to support the ongoing development of the sustainable finance ecosystem. The roadmap also provides the taxonomy for sustainable finance ecosystem in the Philippines, which is aligned with the ASEAN Standards for Green Bonds and EU Taxonomy, among others.</p>
<p>National funding mechanism for subnational governments to achieve climate targets</p>	<p>2.1.2 There is a national funding mechanism or program for subnational governments to achieve climate targets attached to national strategies/policy documents.</p> <p>For example, sectors receiving funding may be indicated in NDCs if the national government provides funding support to specific sectors.</p>	<p>By virtue of RA 10174 of 2012, the People's Survival Fund (PSF) is established to provide long-stream finance for adaptation projects of LGUs and local/community organizations aimed at increasing resilience of communities and ecosystems to climate change. Despite over a hundred applications from LGUs since the inception of the PSF, most proposals fail because of weak capacity and limited technical expertise to prepare bankable projects for CCA. To encourage more LGUs to access the PSF, its board has simplified the requirements for submitting a valid proposal. As of 2024, the PSF appropriation of PHP 1 billion was fully committed.</p> <p>While not explicitly for climate action, other funding windows could be leveraged. They include the SGLG, National Disaster Risk Reduction and Management (NDRRM) Fund, and various sectoral programs from agencies such as the Department of Agriculture and Department of Environment and Natural Resources (DENR), as well as annual allocations under the General Appropriations Act (GAA). Another example is the Department of Budget and Management's Green, Green, Green Program that has enabled cities to develop projects such as green infrastructure, bike lanes, and pedestrian walkways,</p>

		contributing to both environmental sustainability and urban mobility.
National and subnational disaster-risk management funds	2.1.3 Disaster-risk management or reduction emergency funds, or similar funds, are available on the national and subnational level. The mechanism to access these funds is in place.	<p>The Philippines has well-established disaster risk management funds both at the national and subnational levels as prescribed under Republic Act 10121 of 2010.</p> <p>The NDRRM Fund, managed by the Office of Civil Defense through the National Disaster Risk Reduction and Management Council (NDRRMC), shall be used for disaster risk reduction or mitigation, prevention, and preparedness activities. At the LGU level, there is an allocation for a Local Disaster Risk Reduction and Management Fund that sets aside a portion of LGUs' local revenue from regular sources to support disaster risk management activities.</p>
BF Sub-Category 2.2: National funding sources for subnational climate action		
Domestic public finance for subnational climate action	2.2.1 The national government has used domestic public finance sources (e.g., taxes, subsidies) to finance subnational climate action within the last 2 years.	<p>One way the national government provides support to LGUs is through the GAA. For example, Special Provision No. 1 of the Local Government Support Fund under the FY 2025 GAA appropriated around 18 billion pesos, which can be utilized as financial assistance for the LGUs for the implementation of programs and projects specified, including those for eligible adaptation and mitigation interventions.⁸</p> <p>Beyond direct transfers, relevant national government agencies can also partner with LGUs and support climate action projects, including flood mitigation, sustainable transport, and climate-smart agriculture. These projects allow LGUs to implement and facilitate local climate initiatives despite challenges such as limited capacity</p>

⁸ Guidelines on the Release and Utilization of the Local Government Support Fund-Financial Assistance to Local Government Units under the FY 2025 General Appropriations Act, Republic Act No. 12116

		and budget constraints as the national government will bear most financial costs.
International public finance for subnational climate action	2.2.2 The national government has used international public finance sources (e.g., grants, bilateral/donor funding, MDBs, global funds) to finance subnational climate action within the last 2 years.	<p>The national government has leveraged international funding to finance the climate action of LGUs. Major sources include the Green Climate Fund (GCF) and Global Environment Facility. Multilateral development banks (MDBs) and other development agencies, including Asian Development Bank, World Bank, USAID, the European Union, and Japan International Cooperation Agency, have been tapped. Support provided varies in form and may include grants, concessional loans, and technical assistance for projects that enhance climate resilience. Each entity has its own guidelines on how such support can be accessed.</p> <p>Opportunity for LGUs to access and benefit from international public finance mostly arises when they are selected as sites or partners of national government agencies with approved projects with international climate financing. Complex application processes and requirements for national and international climate finance facilities may hinder LGUs from directly accessing such financing for their projects.</p>
Domestic private finance for subnational climate action	2.2.3 The national government has used domestic private finance sources (including private finance generated by NDBs, non-bank financial institutions (NBFIs), financial markets, and capital markets) to finance subnational climate action within the last 2 years.	Despite policy developments, such as the Sustainable Finance Framework encouraging banks to integrate sustainable finance objectives, including CCAM, concrete examples of domestic and international private finance supporting climate action at the local level remain limited. As a case in point, partner cities of the Urban-Act Project are yet to fully optimize opportunities from private financing mechanisms for climate action, including public-private partnerships

<p>International private finance for subnational climate action</p>	<p>2.2.4 The national government has used international private finance sources to finance subnational climate action within the last 2 years.</p>	<p>(PPPs), green bonds, and other financial instruments.</p> <p>In February 2022, the national government released the Philippine Sustainable Finance Roadmap, which recognizes LGUs as a driving factor for sustainable investment. As such, capacity-building activities will be developed by the Department of Finance (DOF) to outline the benefits of sustainable finance and present how LGUs can access sustainable financial products.⁹</p>
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BF Sub-Category 2.3: National support for subnational green budgeting

<p>National government provides technical assistance for subnational governments for budget/ financing practices</p>	<p>2.3.1 The national government provides technical assistance for subnational governments to implement green budget and financing practices.</p> <p>For example: technical assistance may include support for green subnational procurement and/or initiatives, taxonomies, bonds, certification etc. to support subnational green budgeting and financing practices.</p>	<p>Under the Local Government Code of 1991, LGUs are allowed to issue financial instruments to finance development interventions as long as the projects are self-liquidating or income-producing. While this policy presents various opportunities for LGUs to finance their interventions, its implementation may be challenging for CCAM or disaster risk reduction actions because these actions do not provide financial returns.</p> <p>The national government also provides technical support to LGUs to issue financial instruments for local development, but this support is not specifically aimed at climate action. As an example, the Bureau of Local Government Finance (BLGF) organizes capacity-building activities on Local Government Bond Financing.</p> <p>Relatedly, in 2024, the New Government Procurement Act or Republic Act No. 12009 was enacted. This law enables the government to integrate and implement green procurement practices to incorporate sustainable, green practices into the design and specifications of procurement projects.</p>
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⁹ The Philippine Sustainable Finance Roadmap

<p>Climate budgets include climate-risk components</p>	<p>2.3.2 National climate budgets include climate-risk assessment components and support for vulnerable groups on the subnational level.</p> <p>For example: support may include allocations to adaptation projects, capacity-building measures for groups at risk, and social safety nets.</p>	<p>Joint Memorandum Circular (JMC) 2013-01 mandated national government agencies to track their climate change expenditures in their respective budget submissions using CCET. However, specific interventions on climate-risk assessment components on the subnational level are devolved to the LGUs covered under the CDRA process.</p> <p>Nonetheless, some national government climate-related programs, activities, and projects (PAPs) included in the public investment program (PIP) can support LGUs. These PAPs are closely aligned with the climate strategies outlined in the PDP 2023–2028. They demonstrate both the capacity to implement the identified climate strategies in the PDP and the potential to directly contribute to the achievement of the PDP’s outcome indicators. An example PAP is the GeoRiskPH. Other measures can help protect marginalized communities by funding social safety nets, community-based adaptation programs, and targeted investments as outlined.</p>
<p>National framework allowing subnational budget tagging</p>	<p>2.3.3 There is a framework/policy at the national level which allows subnational governments to develop toolkits for and implement budget tagging, tax tagging and/or revenue tagging for tracking climate-specific revenue or expenditure.</p>	<p>The Philippines has a comprehensive national framework that supports LGUs in tracking climate-specific expenditures as provided in JMC 2015-01, which aims to ensure that LGUs tag climate-related expenditures in their annual budgets through the LCCET system. Through LCCET, LGUs are encouraged to categorize their respective PAPs into mitigation, adaptation, and cross-cutting initiatives.</p> <p>National agencies, including the CCC and DILG, provide technical assistance, training, and monitoring tools to help LGUs implement these practices effectively despite some capacity and data quality challenges.</p>
<p>BF Sub-Category 2.4: Systems of intergovernmental transfers</p>		

<p>National intergovernmental transfers supporting subnational mitigation goals</p>	<p>2.4.1 Intergovernmental transfers (from national to subnational) are in place which consider subnational mitigation goals. These transfers are transparent and reliable, occurring at least once within the last two years.</p> <p>For example: conditional transfers, matching transfers, grants, subsidies, and/or direct performance contracts.</p>	<p>Intergovernmental fiscal transfers from the national government to subnational governments are in place through the NTA, which is based on a formula that considers population, land size, and equal sharing as criteria. This follows a national budget framework to ensure delivery of development outcomes. While enabling policies and frameworks are in place, these are not particularly intended for CCAM. Instead, the climate change dimension is assumed to be already integrated and mainstreamed in these processes.</p>
<p>National intergovernmental transfers supporting subnational adaptation goals</p>	<p>2.4.2 Intergovernmental transfers (from national to subnational) are in place which consider subnational adaptation goals. These transfers are transparent and reliable, occurring at least once within the last two years. For example: conditional transfers, matching transfers, grants, subsidies, and/or direct performance contracts.</p>	<p>National financing mechanisms that support CCAM goals are in place as mentioned in the previous section.</p>
<p>National intergovernmental transfers incentivizing subnational policies including climate externalities</p>	<p>2.4.3 Intergovernmental transfers (from national to subnational) are in place which incentivize subnational government officials to consider climate externalities in their policy and planning. These transfers are transparent and reliable, occurring at least once within the last two years.</p> <p>For example, climate externalities include transboundary pollution, and transfers include conditional transfers, matching transfers, grants, subsidies, and/or direct performance contracts.</p>	<p>The Philippines uses mechanisms such as the SGLG Incentive Fund as a recognition program to commend LGUs showcasing good governance practices. Part of the criteria covers the integration of climate externalities into their policies and planning.</p> <p>The SGLG is administered by the DILG that rewards LGUs for excellence, which includes criteria in environmental management, disaster resilience, and climate action. Similarly, the SGLG provides grants to LGUs that meet governance standards in environmental sustainability and climate resilience, supporting projects that address pollution, land degradation, and sustainable urban development.</p>
<p>Performance based conditional transfers for</p>	<p>2.4.4 There are conditional transfers in place from the national to subnational governments based on climate performance. These transfers are transparent and</p>	

subnational climate goals	reliable, occurring at least once within the last two years. For example: evaluation based on GHG inventory.	
National government climate-risk vulnerability for subnational transfers	2.4.5 The national government considers climate-risk vulnerability when determining subnational transfers. For example: vulnerability evaluation of subnational regions to climate change impacts (adaptation). Considering the specific needs of each subnational region incl. distributive justice and prioritization of most affected regions.	The general formula for national-to-local transfers through the NTA has generally remained the same throughout the years, mostly considering population and land area-based only. However, as mentioned previously, specific programs and funds, such as the PSF, incorporate climate-risk vulnerability as a basis for prioritization.
BF Sub-Category 2.5: Fiscal decentralization and subnational revenue generation		
Clear guidelines for fiscal decentralization	2.5.1 There is a clear regulatory framework and operating policy for fiscal decentralization, including climate action, subnational revenue generation, and reporting mechanisms.	The Philippines' governance framework clearly defines national and local responsibilities and reduces their overlaps. RA 7160 (Local Government Code) and EO 138 (Mandanas-Garcia Ruling) enable fiscal devolution, increasing LGU shares of national tax revenues. However, funding and coordination gaps still persist, particularly in climate resilience and disaster planning.
Subnational revenue diversification allowed & encouraged	2.5.2 Subnational governments are allowed and encouraged to diversify their revenue sources to address climate action through a basket of resources, such as taxes, including carbon taxes, fees, and charges.	While LGUs can generate local revenue for climate action, reliance on national transfers remains high. Other modes for revenue generation and debt instruments such as green taxes, carbon fees, and private sector partnerships are still in the development stage. Nevertheless, LGUs still need stronger technical capacity, incentives, and policy support to access and manage such streams effectively.
Clarity on expenditures at levels of government (avoid overlapping budgets)	2.5.3 There is clarity on what level of government is responsible for different functions and corresponding expenditures, and no overlapping governance. Laws / regulations determine the level of government responsible for different expenditures, and there are no overlapping budgets	Relatedly, House Bill No. 11375, which is being proposed in Congress, aims to establish a carbon pricing framework for Philippine enterprises. This bill mandates

	between different levels of government.	that companies offset their carbon footprint through emission reductions, low-carbon investments, or the purchase of carbon credits.
Adequate subnational revenue generation	2.5.4 Subnational governments have adequate revenue generation for climate action and do not rely only on emergency funds or other special funds to cover regular expenses for climate planning.	
BF Sub-Category 2.6: Private finance mobilization at the subnational level		
Private sector investment possible in municipal infrastructure	2.6.1 Private investment into municipal infrastructure sectors is allowed. There are no procurement laws or policies which prevent or discourage this type of investment.	LGUs develop and prepare their investment plans in line with their development needs and priorities. However, some may have limited funds from their own revenues. As such, they can identify funding alternatives and resource mobilization strategies to ensure their priority programs and projects are still carried out. One of their options is engaging with the private sector through PPPs. PPPs can support the financing, construction, maintenance, operation, and management of infrastructure projects and subnational climate action projects. Enabling policies and frameworks have been developed by the DOF and NEDA that would rationalize and guide LGUs in utilizing the PPP modality.
National policies support private sector investment into subnational climate action	2.6.2 There are national policies and regulatory frameworks supporting the engagement with the private sector in subnational climate projects and across subnational regions.	
National support for subnational PPPs	2.6.3 There is national support for public-private partnerships (PPPs) for climate action at the subnational level and across subnational regions.	
BF Sub-Category 2.7: Creditworthiness and access to capital		
Subnational borrowing capacity for climate investments	2.7.1 Subnational governments are able to borrow for climate investments. Fiscal frameworks are in place for subnational borrowing. These encourage fiscal responsibility and may include borrowing rules.	Although not specifically meant for climate action, LGUs can borrow as provided by the Local Government Code (RA 7160) and the Mandanas–Garcia Ruling (2022), which expand their financial autonomy.
Clear process for sovereign guarantees	2.7.2 Subnational governments require a sovereign guarantee/approval from the national government to borrow for climate investments. There is a clear process in place, and at least	Section 324(b) of the local government code limits the amount of appropriations for debt servicing, which shall not exceed 20% percent of the regular income of the LGU concerned. The BLGF under DOF sets borrowing rules to ensure fiscal responsibility, including

	one subnational government in the country has successfully done this before.	debt service ceiling and net borrowing capacity of local governments. Relevant financing facilities are made available for capital investments and infrastructure projects, including PPPs.
Subnational credit rating	2.7.3 Subnational governments in the country have applied for and been granted a credit rating.	<p>To date, the BLGF is setting up the LGU Creditworthiness Rating Index to be issued regularly to all provinces, cities, and municipalities to improve planning and resource mobilization strategies. The Index will serve as a rating mechanism for the fiscal health and credit viability of LGUs.¹⁰</p> <p>Policies that cover sovereign guarantee/approval from the national government before an LGU can borrow are in place. The approval is dependent on the amount of the loan to be requested.</p> <p>In some cases, the national government enters a loan agreement for a city. In 2023, the DOF and ADB signed three loan agreements for Davao City for the funding of Davao’s Public Transport Modernization Project (DPTMP). As reported by DOF, the DPTMP will be supported by loans amounting to US\$1.074 billion from the ADB and ADB-administered funds, i.e., the GCF and the ASEAN Infrastructure Fund. The GCF component of the loan package, equivalent to US\$50 million, will help finance the procurement of electric buses under the DPTMP.</p>
Municipal bond issuance	2.7.4 Subnational governments in the country have issued municipal bonds. There are frameworks in place for municipal bond issuances at the subnational level.	<p>The Local Government Code (RA 7160) allows LGUs to raise funds through bond issuances, with oversight from the Securities and Exchange Commission and BLGF to ensure fiscal responsibility. However, bond issuance is challenging for most LGUs because of low participation, complex approval processes, and limited financial expertise.</p> <p>In 2022, the Philippines issued the Sustainable Finance Framework (BSP</p>
Green bond issuance	2.7.5 Subnational governments in the country have issued green bonds. There are frameworks in place for municipal green bond issuances at the subnational level.	

¹⁰<https://www.pppmonitor.adb.org/sites/default/files/2021-04/public-private-partnership-monitor-philippines.pdf>

National support for first-time subnational bond issuance	2.7.6 The national government provides technical assistance and/or capacity building programs for subnational governments to issue municipal bonds for the first time, including guidance on managing bonds proceeds.	Circular No. 1085), which encourages investments in green projects and guides the country in raising green, social, or sustainability bonds, loans, and other debt instruments in the capital markets. Despite its potential to provide additional financing options, no LGUs have issued green bonds yet while guidelines are still being clarified.
National government facilitates pooled financing	2.7.7 The national government facilitates pooled financing mechanisms that can issue bonds on behalf of multiple subnational governments. There is a clear mechanism in place for pooled financing, and this has been done successfully at least once.	Exploratory talks with development financing institutions have been initiated, but no known example of a successful pooled LGU bond issuance has been reported to date.
BF Sub-Category 2.8: Potential for co-financing and/or innovative financing		
National or public development bank potential for co-financing	2.8.1 The country has a national development bank(s) (NDB) and/or public development bank(s) (PDB) that support subnational or urban climate infrastructure projects. These banks could offer the potential for co-financing and de-risking financing for externals.	The Philippines has NDBs and PDBs that support subnational and urban climate infrastructure projects. Key institutions include the Land Bank of the Philippines (LBP) and the Development Bank of the Philippines (DBP), both of which provide financing for local climate adaptation and infrastructure projects.
National investment funds potential for co-financing	2.8.2 There are national and/or regional investment funds which could offer the potential for co-financing of urban climate initiatives/projects.	These banks also facilitate access to international climate finance, such as the GCF as accredited entities to implement projects to support local government climate initiatives. The LBP's green financing instruments focus on various types of renewable energy projects' feasibility studies, detailed engineering design, and attendant activities to secure necessary permits and licenses. For the DBP, its financing instruments support environmental protection projects for sectors such as forestry, agro-forestry, and water.
Blended finance	2.8.3 There is national support for subnational involvement in	The Philippines encourages subnational governments to access innovative

	innovative financing mechanisms for climate action, such as blended finance.	financing mechanisms for climate action, including blended finance, but implementation remains limited. Existing mechanisms such as the PSF and GCF offer co-financing for local climate projects while the PPP Center facilitates private sector participation in infrastructure financing.
Carbon markets	2.8.4 There is national support for subnational involvement in innovative financing mechanisms for climate action, such as carbon markets.	Innovative financing mechanisms, including carbon markets, are currently being explored. The government, through the TWG on Carbon Pricing Instruments, led by the DOF, is working closely with development partners to establish the country's carbon market. Ongoing technical assistance initiatives include the World Bank's study on developing carbon pricing instruments and recommending improvements to the draft of the Low Carbon Economy Bill, as well as UNDP's support for REDD+ and forest carbon market mechanisms. National support for the use of SPVs or SPEs to facilitate innovative climate financing is emerging, although the framework is still evolving. Although SPVs have not been widely used for climate projects at the subnational level, the government's growing emphasis on climate resilience and private sector engagement opens the door for such mechanisms to be developed in the future.
Special purpose vehicle	2.8.5 There is national support for the use of a special purpose vehicle (SPV) or special purpose entity (SPE) to limit liability, provide innovative project funding, and allow cross-border transactions on the subnational level.	

1.3 Climate Data (CD)

National climate data systems are available to enable planning and reporting of climate action across the country. In addition to the climate data and projections from PAGASA, systems such as the GeoRiskPH platform provide national-level planners and stakeholders with access to relevant inputs that are useful in hazard and vulnerability assessments.

Difficulties in utilizing the above tools at the subnational level may affect how LGUs develop their respective LCCAPs. Local governments face institutional and technical barriers to analyze climate data while integrating it into their development planning documents, such as comprehensive land use plans, comprehensive development plans, and local development investment programs. The implementation of national climate priorities faces an implementation gap mainly due to a lack of data-informed decision-making and project development in local areas.

The efforts of PAGASA, DOST, DILG, and DHSUD to bridge this gap have shown progress but remain insufficient to address the specific needs of local governments. The climate data ecosystem requires improvement through better capacity development for LGUs to conduct and maintain their own GHG inventories and risk assessments and climate vulnerability analyses.

Some of the areas to explore include tapping local research centers and partnerships with state universities and colleges, expanding open data tool accessibility, and developing a decentralized system for data collection and reporting. National agencies may support establishing inclusive data governance strategies to empower LGUs with ownership and interpretation of climate information for their proactive role in climate governance. The current lack of fundamental elements restricts local climate planning and access to finance because of information gaps and technical challenges.

The results of the assessment of climate data are shown in Table 3.

Table 3. Assessment results for climate data in the Philippines

Dimension	Dimension Detail	Assessment Input
CD Sub-Category 3.1: National-level climate data		
Local climate databases	3.1.1 There is a national mechanism for locally centralized & digitalized database services on climate adaptation and mitigation (including GHG inventory).	A mechanism for locally centralized database services on climate adaptation and mitigation is in place, but its content is limited. To obtain climate projections relevant for LGUs, they can utilize the interactive online platform called the CliMap or the Climate Information Map of the Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA). LGUs may also coordinate with PAGASA directly for specific data requests. PAGASA also recently issued CMIP6-based projections on climate scenarios for temperature and rainfall for the country and each province. The said projections provide essential insights into probable
National government has access to good national climate data	3.1.2 The national government has access to good, comprehensive climate data at the national level covering both mitigation and adaptation. For mitigation, the data should follow the Transparency, Accuracy, Consistency, Comparability and Completeness (TACCC) principles.	

		<p>changes in temperature and rainfall according to different climate change scenarios, allowing LGUs to better prepare their adaptation and mitigation efforts. The Philippines also established a system for collecting relevant climate change information. The CCC manages the NICCDIES, an integrated climate information portal. NICCDIES serves as a core enabling platform for the CCC, consolidating and tracking climate change and climate action data from public and private sectors and other stakeholders. The system allows decision-makers to access, disseminate, and utilize climate information to inform policymaking, development planning, and investment decisions.</p>
<p>CD Sub-Category 3.2: Subnational-level climate data</p>		
<p>Self-reporting mechanism for subnational governments to update their climate data</p>	<p>3.2.1 There is a digitalized self-reporting mechanism for subnational governments to update their data on the national database.</p>	<p>LGUs lack a dedicated self-reporting mechanism to update their climate data directly in a national database. However, LGUs are required to submit their climate expenditure through LCCET. DILG and CCC assist in this process by offering support and training to improve reporting as part of their Annual Investment Programs. Additionally, LGUs must regularly update their LCCAPs and submit them to the CCC to ensure not just the quality of their climate action plans but also their alignment with national priorities.</p>
<p>National support for subnational research centers on climate data</p>	<p>3.2.2 The national government provides support to establish regional and/or local-level research centers to support subnational climate data.</p> <p>For example: these centers could include partnerships with university and/or research bodies, civil society, and the private sector.</p>	<p>Specific ongoing efforts support and enhance climate data collection and analysis at the regional and local levels. A key example is PAGASA's Green Climate Fund-supported Multi-hazard Impact-based Forecasting and Early Warning System (MHIBFEWS) project, which improves forecasting accuracy, translates hazard warnings into actionable impact levels, and clarifies early warning messages. Through collaboration with LGUs and local communities, MHIBFEWS strengthens disaster preparedness and</p>

		<p>integrates critical climate data into the national information system.</p> <p>Another GCF Project entitled, “Adapting Philippine Agriculture to Climate Change (GCF-APA),” is aimed at increasing the resilience of rural men and women who depend on agriculture for their livelihoods in areas vulnerable to climate change while transforming the country’s agricultural system toward climate resilience. This will be achieved by improving not only the capacity of farmers to develop CRA enterprises and adopt financially and economically viable CRA practices but also the capacity of the government and private sector to build supporting systems for scaling up.</p> <p>In addition, initiatives such as the Climate Resilience and Green Growth Project, supported by the DOST and international partners, provide technical support, capacity-building, and funding for further data collection and analysis.</p>
<p>National financial support and technical assistance to analyze climate data</p>	<p>3.2.3 The national government provides financial support and technical assistance to the subnational government to analyze subnational climate data.</p>	<p>The national government provides support to help LGUs analyze local climate data. National agencies such as DHSUD and DILG support LGUs in conducting CDRA and provide technical guidance, training, and specialized tools to integrate climate data into local development plans. However, challenges such as limited expertise and funding in the LGUs hamper local resilience.</p>
<p>National government ensures good quality and availability of subnational climate data</p>	<p>3.2.4 The national government ensures that good quality subnational climate data is available for subnational governments. For mitigation data, this is defined as following TACCC principles: transparency, accuracy, consistency, comparability, and completeness. The data is also timely and covers mitigation and adaptation</p>	<p>For adaptation, agencies such as DOST, DOST-PAGASA, and the NDRRMC provide essential climate data, including disaster risk maps, climate projections, and long-term change scenarios through platforms such as DOST’s HazardHunterPH. These resources help LGUs conduct climate risk assessments, and design targeted adaptation strategies.</p>

	<p>(including identifying emissions sources, designing GHG inventories, and disaster and climate risk assessments and long-term climate change scenarios).</p> <p>For example: support may include technical support, developing protocols and associated standardized terms of reference, creating national information technology platforms to host inventory data, etc.</p>	<p>For mitigation, the DENR and CCC support the creation of GHG inventories that follow internationally recognized standards and the TACCC principles. The NICCDIES serves as a centralized platform where information on climate change action is collected, accessed, and shared for policymaking, development planning, and investment decisions.</p> <p>Ongoing efforts identified under Chapter 15 of the PDP support compiling and disseminating risk data and information including reports on damage and losses through a comprehensive and interoperable climate change and natural hazard database and information system.</p>
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1.4 Vertical and Horizontal Coordination (VHC)

The Philippines has developed several institutional systems that assist in coordinating climate and development activities across different levels of government. National agencies such as the CCC, DILG, and Department of Economy, Planning, and Development (DEPDev) provide overarching policy direction and facilitate integration through planning tools, including the PDP, Regional Development Plans, and NDC.

However, translating this coordination into consistent action at the local level remains a significant challenge. While LGUs are required to prepare Devolution Transition Plans under Executive Order No. 138, many LGUs, particularly provinces and municipalities, have expressed their lack of readiness to fully assume the devolved functions, services, and facilities. The capacity gaps are both technical and financial, and despite increased fiscal resources through the NTA, many LGUs struggle to integrate national mandates into their local plans. Cities are comparatively more equipped, but a one-size-fits-all approach to devolution risks exacerbating inequality in service delivery and climate action.

The regional development councils serve as important institutional platforms that facilitate both vertical and horizontal linkages between entities. The need to further reinforce its role is important for effective strategic coordination instead of procedural compliance. A monitoring and performance feedback system needs to be established to evaluate devolved function implementation and verify its alignment with national goals, including climate resilience.

Consistent with the recent DEPDev Devolution study, vertical coordination mechanisms that consider the actual capacities of LGUs need to be developed. It suggests a structured devolution approach that allows cities to assume all responsibilities quickly while provinces and municipalities develop their readiness with ongoing national government backing.

Successful coordination exceeds the requirements of mandate compliance. The process needs an active intergovernmental dialogue with responsive legal frameworks that establish shared performance standards to synchronize local actions with national objectives.

The results of the assessment of vertical and horizontal coordination are shown in Table 4.

Table 4. Assessment results for vertical and horizontal coordination in the Philippines

Dimension	Dimension Detail	Assessment Input
VHC Sub-Category 4.1: National support for subnational coordination		
National support for horizontal coordination for climate planning and risk assessment	4.1.1 The national government supports and/or mandates regional strategies that coordinate climate actions between subnational governments and encourage climate planning and assessment of risks beyond individual boundaries.	Inter-agency bodies or TWGs at the national level were organized by law or as the need arises to discuss and support climate planning and risk assessment across subnational boundaries. Some examples include the Cabinet Cluster on Climate Change Adaptation, Mitigation and Disaster Risk Reduction, which was active

	Specify whether support includes technical and financial support.	during the Duterte Administration. Various TWGs were also organized for specific purposes, such as the formulation of the NAP and the NDC and its implementation plan. These bodies focus not only on national-level planning and prioritization but also include localization efforts to ensure that climate actions are integrated at the local level.
National support for horizontal/vertical coordination for shared climate investment opportunities	4.1.2 The national government supports subnational governments in coordinating and identifying opportunities for shared climate investments (whether across levels of government or between jurisdictions). Specify whether support includes technical and financial support.	The government also mandates the formulation of regional development plans that are also supported by regional PIPs. These plans provide each region's development goals that are aligned with national visions and plans. These plans also guide LGU strategies within a shared regional framework, thereby fostering inter-LGU collaboration on risk assessments, resource management, and infrastructure development.
National support for vertical coordination on climate action	4.1.3 There are mechanisms in place for vertical coordination (across levels of government) on climate action supported by the national government. Specify whether support includes technical and financial support. For example, there are city deals or contracts, regional or local development strategies, platforms for intergovernmental dialogue, and dedicated regional development agencies.	Technical support for capacity-building, risk assessments, and planning is offered by agencies such as the CCC, DHSUD, NEDA, and DILG. Financing support is offered through city deals, performance-based contracts, and conditional transfers for project prioritization in resilience and disaster reduction.

<p>National support for horizontal coordination on climate action</p>	<p>4.1.4 There are mechanisms in place for horizontal coordination (between/across jurisdictions) on climate action supported by the national government. Specify whether support includes technical and financial support.</p> <p>For example, the national government encourages horizontal coordination through financial or non-financial incentives, agreements between jurisdictions, regional or local development strategies, platforms for intergovernmental dialogue, and/or dedicated regional development agencies.</p>	<p>The Philippine national government encourages horizontal coordination across jurisdictions in climate action. Inter-agency bodies such as the regional development councils promote joint planning and action among LGUs, and inter-LGU agreements enable the pooling of resources for mitigation and adaptation projects at scale. National government agencies provide both technical support in the form of capacity-building and planning guidance, as well as financial support to enable climate investments to benefit multiple jurisdictions</p>
<p>National support for international coordination on climate action</p>	<p>4.1.5 There are mechanisms for international coordination and peer learning for subnational governments supported by the national government. Specify whether support includes technical and financial support.</p>	<p>The Philippine national government actively promotes international coordination and peer learning among local governments by providing technical and financial assistance. It encourages LGU participation in global platforms and networks, such as ICLEI, C40, and UNFCCC processes, to share best practices and access capacity-building opportunities. Grant programs and subsidies such as the GCF and bilateral partnerships also allow LGUs to join international forums, study tours, and collaborative projects and access international climate finance. This coordinated approach helps local governments align their climate responses with global standards and address shared challenges.</p>

VHC Sub-Category 4.2: Public involvement and stakeholder engagement

<p>National requirements for public participation in subnational climate regulation</p>	<p>4.2.1 There is a national regulation / legislation / mechanism that requires subnational governments to integrate public participation into their climate actions regulation/mechanism.</p>	<p>The Philippines enforces public participation in subnational climate policy through set laws and mechanisms.</p> <p>Inclusive consultations with local people, stakeholders, and civil society regarding local governance concerns, including climate action, are mandated under the 1991 Local Government Code. Further, the 2009 Climate Change Act obliges LGUs to create LCCAPs through consultative processes that reflect local climate risks as well as opportunities.</p> <p>Public hearings, multi-stakeholder meetings, and participatory platforms such as the local development councils ensure that diverse voices, particularly those of marginalized and vulnerable groups, are considered in climate-related decision-making and regulation.</p>
<p>National support to integrate civil society in subnational climate planning</p>	<p>4.2.2 The national government facilitates forums and/or partnerships for subnational governments to integrate civil society, the public, and the private sector into their climate actions and planning.</p>	<p>The Philippine government actively integrates civil society, the public, and the private sector into subnational climate planning.</p> <p>Under the Climate Change Act of 2009, civil society organizations, non-governmental organizations, and private companies are mandated to participate in climate planning. Agencies such as the CCC and DILG provide technical guidance and capacity-building while public consultations and multi-stakeholder forums foster inclusive decision-making. Mechanisms such as local development councils and requirements for accessing funding through the PSF further institutionalize collaboration, ensuring that local climate strategies reflect diverse community needs.</p>

VHC Sub-Category 4.3: National cooperation and peer learning

<p>National government engages in peer learning</p>	<p>4.3.1 The national government engages in peer learning (with other countries, networks, or technical advisers) on climate finance and/or subnational climate finance.</p>	<p>The Philippine government actively participates in peer learning to enhance climate finance strategies, especially for subnational needs. Through global platforms such as the UNFCCC and ASEAN Working Group on Climate Change, the country exchanges knowledge and adopts best practices for mobilizing finance, including blended finance, carbon markets, and green bonds.</p> <p>Partnerships with the World Bank, ADB, and GCF provide technical support and facilitate collaboration with nations facing similar challenges. Initiatives such as the NDC Partnership and GEF further enable peer exchanges, improving subnational access to funding and building institutional capacities. These efforts strengthen the Philippines' climate finance framework, empowering subnational governments to address local climate risks and implement sustainable projects.</p>
<p>National cooperation with PPFs for subnational climate infrastructure projects</p>	<p>4.3.2 There is evidence of national cooperation with Project Preparation Facilities (PPFs) for climate infrastructure projects on the subnational level.</p>	<p>The Philippine government collaborates with PPFs such as the Cities Development Initiative for Asia, Global Infrastructure Facility, and the ADB in support of climate infrastructure at the subnational level. These collaborations deliver technical support, feasibility studies, and preparation support to ensure the projects are adequately prepared and economically viable.</p> <p>The government also has its own project development grant (PDG) for supporting local stakeholders in preparing sound financing proposals for the implementation of climate adaptation projects. The PDG aids proponents through financing necessary actions at the initiation and the design stage of the project. This support helps local</p>

		government authorities sharpen approved concept notes, remove the impediments in the designs, and prepare solid proposals for the PSF.
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Recommendations and Ways Forward

In the Philippines, the assessment of the Enabling Framework Conditions (EFCs) confirms a central, often recurring, findings: the country has an advanced policy environment for climate action at the national level, but this has not yet to be translated into consistent, financed, and data-informed implementation at the local government level.

Strong national frameworks – including the Climate Change Act, the DRRM Act, the Philippine Development Plan, the NDC and its Implementation Plan, and the NAP – provide the needed mandate and guidance for both climate change adaptation and mitigation. However, local governments continue to face gaps in technical capacity, resources, and horizontal and vertical coordination that highlights the gaps that hinders their ability to align and contribute towards climate-resilient, low-carbon urban development outcomes.

The Roundtable Discussion on “Supporting Local Climate Action: Enhancing the Enabling Framework Conditions for Subnational Climate Finance” organized by the ICSC further reinforced this diagnostic. National agencies, development partners, and city representatives converged on three interlinked messages: (i) LGUs are willing to comply but require sustained, practical support; (ii) climate action and climate finance both demand deliberate, strategic interventions that go beyond just tagging and compliance; and (iii) improving enabling conditions should be linked to a clear pipeline of bankable, locally grounded projects. The discussion on the EFC findings highlight that the challenge is less about the presence or absence of policies, but more closing the “last mile” or implementation gaps between national commitments and local delivery. In line with the 4 key dimensions of the EFC toolkit, the following recommendations are provided:

1. Climate policy localization needs further strengthening. National frameworks should be accompanied by clearer performance indicators and should be packaged to be relevant to the Local Government Units, and not just aim for compliance. Guidance should continue to be streamlined especially in the formulation of development plans, including LCCAP, CDRA, GHG inventories, and MRV systems that LGUs can realistically maintain. There is also a need to strengthen the role of regional development councils, local development councils, and peer-learning platforms to align national goals, regional strategies, and city-level implementation.
2. For budget and finance side, the National government, Development Banks, and project preparation facilities can play a more proactive role in helping LGUs structure financing plans and explore instruments like blended or pooled financing, PPPs, and (eventually) green bonds and carbon markets – with appropriate safeguards for fiscal responsibility. For this dimension, there was also a lot of focus on the more familiar Climate Change Expenditure Tagging (CCET) that national and local governments have been complying with for the past decade. In particular, it has the potential to evolve from merely tagging and compliance into using it as a tool that can inform prioritization, budgeting, and performance-based transfers. However, this may require simplifying

climate expenditure typologies, avoiding the “tag everything” tendencies, and linking it to local spending.

3. For Climate Data, the assessment highlights that while data platforms—such as GeoRiskPH, HazardHunterPH, NICCDIES, and PAGASA’s climate projection tools—can provide basis for evidence-based climate action planning, such systems remain underutilized at the local level. As echoed during the RTD discussions, local governments often lack the technical capacity, mandates, resources, and even incentives to systematically access, interpret, and translate climate data into actionable local planning and project development. In view of this, there is a need to invest in local data governance, including improving subnational access to data, enhancing capacities for analysis, and supporting LGUs in generating and maintaining localized datasets. In doing so, a whole of nation approach is emphasized. Partnerships should be established with state universities and colleges (SUCs), local research institutions, and technical agencies as they can provide the needed expertise to supporting data capacity and governance gaps for a more responsive local intervention.
4. On Vertical and horizontal coordination, there is a need to move from periodic consultation to institutionalized co-creation. More national and local dialogues, while inter-LGU collaboration is encouraged not just to pool resources, but for a more holistic and shared actions in addressing climate risks and investment opportunities.

In summary, the Philippines has built a strong foundation for climate-responsive urban development. However, the enabling framework or policies should cover the bigger picture and evolve from policy alignment to practical delivery. Strengthening local capacities, streamlining financing pathways, improving the use of climate data, and institutionalizing national–local coordination are essential for better access to climate financing.



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