




Workshop on Enhancing Climate Finance Monitoring, Reporting, and Verification (MRV) in the Philippines

February 22, 2024 | Manila, Philippines



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List of Abbreviations

ADPC	Asian Disaster Preparedness Center
AF	Adaptation Fund
CCC	Climate Change Commission
DA	Department of Agriculture
DBP	Development Bank of the Philippines
DENR	Department of Environment and Natural Resources
DEPDev	Department of Economy, Planning, and Development
DOE	Department of Energy
DOF	Department of Finance
GCF	Green Climate Fund
GEF	Global Environment Facilities
GGGI	Global Green Growth Institute
GHG	Greenhouse Gas
LDF	Loss and Damage Fund
TWG	Technical Working Group



Introduction

INTRODUCTION

The Paris Agreement calls for a progressive increase in the mobilization of funding for climate action. It promotes a transparency framework for managing resources and monitoring the impact of funded actions. Therefore, a detailed understanding of existing climate finance flows is required, particularly their sources and the type of measures they intend to support. Finance is critical for the implementation of climate actions. Many countries have considered developing a country climate investment plan that sets out the investment programme, including a financing strategy, required to implement their respective climate actions.

Financing is covered by Article 9 of the Paris Agreement, which establishes the precedent that developed countries should take the lead in mobilizing finance, and the provision of financial resources should aim to achieve a balance between adaptation and mitigation. For developing countries to access these financial resources, countries need clear project concepts as a minimum, and financing proposals must be developed.

Increasing transparency and understanding of finance flows is crucial to aligning and complying with the Paris Agreement, implementing actions to reduce vulnerability and increase the resilience of populations, economies, and ecosystems through adaptation actions, and reducing greenhouse gas (GHG) emissions through mitigation actions.

In the context of this assignment, MRV will focus on climate finance, which tracks climate finance flows for NDC implementation, including international finance, domestic budgets, and private finance, to improve the transparency of climate finance flows and assess whether the financing requirements under the NDC are being addressed.

The term MRV was coined in COP13, which brought together all aspects of transparency under the climate regime, which includes:

- **Measurement (M)** – Data collection and assessment
- **Reporting (R)** – National communications and biennial update reports (BURs)
- **Verification (V)** – International consultation and assessment.

The Government of the Philippines is aiming to improve climate finance MRV practices. In line with this, the DOF, in partnership with the Global Green Growth Institute (GGGI) as its delivery partner, is currently implementing two GCF Readiness projects, one of which is the “Readiness Support to Strengthen the Philippines’ Capacity and Knowledge on Accessing the GCF” (RPSP 1) which aims to enhance the capacity of the DOF in implementing its roles and responsibilities as the Philippines’ National Designated Authority (NDA) to the GCF. Specifically, the project seeks to address the gaps of the NDA to strengthen the country's capacity in planning, accessing, delivering, and monitoring climate finance through the GCF. It involves training and technical assistance to develop a project pipeline aligned with GCF requirements and priorities. GGGI has acquired the consulting services of the Asian Disaster Preparedness Center (ADPC) to support the delivery of the outputs of the project. One of the outputs is an inception workshop to foster collaboration on establishing an efficient climate finance MRV centered on transparency, accountability and synchronized with national climate goals.

The proposed steps for designing and developing an MRV framework for the Philippines will adopt the Climate & Development Knowledge Network Quick Start Guide on Planning for NDC Implementation. These steps include:

1. Review current MRV activities – which includes the review of NDCs, and review of existing national MRV processes.
2. Establish institutional arrangements for the oversight and coordination of MRV activities, such as setting up or building on existing mechanisms to include or develop an MRV steering group, establish an overall lead institution for the Climate Finance MRV system, develop appropriate rules and guidance on data sharing, and develop plans for reporting.
3. Assess data gaps and needs – assess and prioritize data gaps and identify how existing MRV systems can be extended to address data gaps.
4. Design of the climate finance flows and a policy framework for climate finance MRV.



Objectives of the Workshop

OBJECTIVES OF THE WORKSHOP

The workshop on Enhancing Climate Finance Monitoring, Reporting, and Verification (MRV) in the Philippines conducted on February 22, 2024 has two distinct objectives: first, to build the capacity of key stakeholders in the Philippines to effectively monitor, report, and verify climate finance, ensure transparency, accountability, and alignment with national climate goals, and secondly to understand and provide inputs on procedures for monitoring and verifying climate finance flows.

In consultation with the Department of Finance (DOF) and GGGI, a total of 32 (10 male and 22 female) key representatives from national-level government agencies such as the Department of Environment and Natural Resources (DENR); Department of Agriculture (DA); Department of Economy, Planning, and Development (DEPDev); Department of Energy (DOE); and Climate Change Commission (CCC). Representatives from the Development Bank of the Philippines and Land Bank of the Philippines attended as direct access accredited entities to the Green Climate Fund.



Final Workshop Agenda

The following details the final agenda approved by DOF and GGGI:

Time	Agenda
9:00 - 9:30	Registration and Welcoming of Participants
9:30 - 9:45	<p>Opening Session</p> <ol style="list-style-type: none"> 1. Welcome Address, Jenevive Lontok, OIC Director III, International Finance Policy Office, DOF 2. Overview of the importance of climate finance monitoring, reporting, and verification, Marcel Silvius, Country Representative to the Philippines, Global Green Growth Institute
9:45 - 10:45	<p>Understanding Climate Finance in the Philippine Context</p> <ol style="list-style-type: none"> 1. Overview of climate finance sources and mechanisms Presenter: Bill Ho, Director, ADPC 2. Current status, key challenges and opportunities of climate finance in the Philippines <ul style="list-style-type: none"> • National frameworks, guidelines, and priorities, (NDCIP, NAP) <i>Presenter: Climate Change Commission</i> • Overview of the Green Climate Fund (GCF) and its requirements <i>Presenter: Department of Finance</i> • Overview of the Global Environment Facility (GEF) and Adaptation Fund (AF) <i>Presenter: Department of Environment and Natural Resources</i>
10:45 - 11:00	Break
11:00 - 12:00	<p>Frameworks and Guidelines for Climate Finance MRV</p> <ol style="list-style-type: none"> 1. Introduction to climate finance MRV and Case studies on successful climate finance monitoring in other countries <i>Presenter: ADPC</i>
12:00 - 13:00	Lunch

13:00 - 14:30	<p>Strengthening Monitoring Systems</p> <ul style="list-style-type: none"> The National Integrated Climate Change Database and Information Exchange System, CCC, Mitigation MRV, Climate Change Expenditure Tagging, NCCAP RBMES, <i>Presenter: Climate Change Commission</i> <p>Breakout Session:</p> <ul style="list-style-type: none"> Hands-on session on designing effective monitoring systems <i>Facilitator: ADPC</i>
14:30 - 14:45	Break
14:45 - 16:15	<p>Reporting and Communication Strategies</p> <ul style="list-style-type: none"> Philippines BUR and NC Process <i>Presenter: Climate Change Commission</i> Climate Finance in the BUR or NC Processes <i>Presenter: ADPC</i> <p>Breakout Session</p> <ul style="list-style-type: none"> Crafting comprehensive and transparent climate finance reports Effective communication of climate finance impacts to stakeholders Reporting challenges and solutions <i>Facilitator: ADPC</i>
16:15 - 17:00	<p>Verification and Accountability</p> <ol style="list-style-type: none"> Overview and best practices of verification process and mechanisms for transparency Discussion on establishing national mechanisms for transparency and accountability <i>Presenter and Facilitator: ADPC</i>
17:00 - 17:30	<p>Closing Session</p> <ol style="list-style-type: none"> Summary of key takeaways, Israel Jegillos, Senior Project Manager, Climate and Disaster Resilience, ADPC Action plan of next steps, Richard Calawagan, Capacity Development Officer, GGGI Closing remarks and acknowledgments, Jenevive Lontok, Director, International Finance Policy Office, DOF



Proceedings

OPENING SESSION

The workshop was formally opened through a *welcome address by Jenevive Lontok*, OIC Director III of the International Finance Policy Office of the DOF, which was followed by an *overview of the importance of climate finance monitoring, reporting, and verification by Marcel Silvius*, Country Representative to the Philippines, GGGI. The opening session also provided an overview of GGGI's support to the Philippines.

UNDERSTANDING CLIMATE FINANCE IN THE PHILIPPINE CONTEXT

The objective of the first technical discussion was to provide an overview of climate finance sources and mechanisms to present the status challenges and opportunities on climate finance, including the national priorities from the NDC Implementation Plan (NDCIP) and the National Adaptation Plan (NAP), and provide an overview of the GCF, GEF, and AF.

An overview of climate finance sources and mechanisms was presented by the ADPC Director Bill Ho. The presentation provided information on Climate Finance in the context of the UNFCCC, including the UNFCCC Financial Mechanism. The presentation also includes the Global Climate Finance Architecture and a brief on the Global Environment Facility (GEF), Adaptation Fund (AF), Loss and Damage Fund (LDF), and the GCF.



Bill Ho, Director of ADPC, provided a presentation on an overview of climate finance sources and mechanisms.



Jerome Ilagan, Chief of Policy Research and Development of the CCC, provided an overview of the Philippines' current national frameworks and priorities on climate action, including the NDCIP and the NAP.

The session proceeded with a speaker from the Climate Change Commission, represented by **Jerome Ilagan**, Chief of Policy Research and Development. They provided an overview of the Philippines' current national frameworks and priorities on climate action, including the NDC Implementation Plan and the NAP.

This was followed by an overview of the GCF in the Philippines through Jenevive Lontok, OIC Director III, International Finance Policy Office of the DOF, and followed by an **overview of the GEF and AF from DENR, represented by Mr. Conrad Bravante** from the Foreign Assisted and Special Projects. Both speakers discussed the existing projects funded by GCF, GEF, and AF, including a brief on the operational mechanisms for the financing sources.



Jenevive Lontok, Director, International Finance Policy Office of the DOF, provided an overview of the GCF in the Philippines.

FRAMEWORKS AND GUIDELINES FOR CLIMATE FINANCE MRV

This session aimed to provide an in-depth presentation on the climate finance landscape in Asia and the Pacific, climate finance MRV, and present case studies on how other countries are implementing climate finance MRV.

Israel Jegillos, Senior Project Manager, Climate and Disaster Resilience, ADPC, presented the Climate Finance Flows in Asia and the Pacific by subregion and sector, as well as a snapshot of sources, intermediaries, instruments and instrument types, their uses, and the sectors. The session also covered a comprehensive background of MRV and how it was originally perceived to focus on GHG emissions. The presentation discussed the various elements of a National MRV Framework, including its process and the common steps for developing a National MRV system. The presentation then focused on the MRV of support, leading to the discussion on monetary support for MRV and its general principles. The presentation also discussed the case studies from Indonesia, South Africa, and Colombia on how these countries are implementing climate finance MRV.

STRENGTHENING MONITORING SYSTEMS

This session's objective was to present the existing monitoring systems in the Philippines related to climate finance and MRV. The Climate Change Commission, represented by *Joe Mari Francisco, presented* on the National Integrated Climate Change Database and Information Exchange System, CCC, Mitigation MRV, Climate Change Expenditure Tagging, NCCAP RBMES, including the BTR and NC Processes.

The presentation focused on the rationale of the national reports, as well as the biennial update reports/biennial reports and the biennial transparency reports, and it included the benefits of preparing these reports. The presentation also covered the BTR components, wherein domestic MRV was discussed as well as the MRV priorities which include finance, technology, and capacity building needs. According to the speaker, the BTR is expected to be communicated to the UNFCCC on 31 March 2024.

The presentation also discussed the National Climate Change Action Plan (NCCAP) Monitoring, which utilizes an integrated results model. In addition, the Climate Change Expenditure Tagging (CCET), its legal basis, institutional roles, typology, and Quality Assurance and Review (QAR) were presented. The presentation also noted that financial allocation from the NEP and GAA has consistently increased in previous years.

A breakout session was conducted to develop an understanding of climate finance flows in the Philippines. The participants were divided into 3 groups and asked to discuss the public international sources of climate finance, including the intermediaries of these

sources, the instrument types, their uses in adaptation, mitigation, or dual-benefits, and the sectors they are focused on. The template is provided below for reference:

Sources	Intermediaries	Instruments and Instrument types	Uses	Sectors
Public International				

This group activity provides a step towards developing the climate finance flows and is focused on understanding what is available and how it is being utilized. Once the inputs have been consolidated, financial data collection is expected to follow.

As an output, the groups were able to specify and determine the various sources, such as multilateral climate funders, development finance institutions (through bilateral and multilateral partners), multilateral climate funds, government budget and public funds, commercial/private financial institutions, government financial institutions, and other corporate actors. The groups presented and identified the intermediaries under each source, including the instruments, uses, and focus sectors. A draft of the consolidated outputs can be viewed in Annex 1.

REPORTING AND COMMUNICATION STRATEGIES

Building on the presentation from CCC, *Mr. Bill Ho, Director, ADPC, presented* the focus of climate finance in the BUR and NC processes. The presentation highlighted the importance of reporting and identified what gets reported, how to report, who reports, and when to report. The presentation was followed by group work to identify the “what, who, when, how” and what are the challenges in reporting. In line with communications, the group work also included the type of information or communication the participants would like to see from government agencies on GCF in the Philippines. The groups presented the outputs, and as a summary, the information/communication that participants would like to see regarding the GCF are the following:

- Accreditation requirements
- Review and approval process
- Online forms/chatbots for any concerns
- Availability of institutional support
- Criteria for bankable projects, type of eligible projects
- Available GCF funding
- Progress of implementation of existing and ongoing projects
- Impact assessment of completed projects
- Familiarity with reporting platforms
- Requirements for project proposal submission

VERIFICATION AND ACCOUNTABILITY

This session presented the enhanced transparency framework and its potential application in the Philippines and provided a platform to discuss existing mechanisms for transparency.

The presentation identified that there are currently no guidelines for verifying the level of support, and the scope of verification determines the methods and data requirements. The presentation also provided the various approaches to technical verification, including the first-, second-, and third-party verification procedures. The presentation also showcased a case study from Ghana on how they are verifying climate finance flows. It is important to highlight that Ghana verifies the financial information prior to its reporting and, therefore, uses a Measuring - Verifying - Reporting process. This ensures that the financial information has been vetted and disclosed before reporting to key recipients.

One key discussion point was understanding if it is necessary to form an existing Technical Working Group (TWG) to focus on Climate Finance MRV. It was discussed that this can be lodged or integrated with an already existing TWG instead of forming a new group. Participants from the CCC commented that there will be a new TOR that focuses on MRV, wherein the discussion on climate finance MRV can be integrated.



Next Steps

NEXT STEPS

ADPC is currently drafting the climate finance landscape in the Philippines, drawing from the consolidated outputs from the group works and additional desk-based research.

This consolidation provides an understanding of the country's existing climate finance mechanisms. The next step, towards identifying climate finance flows is to collect relevant financial information of these existing climate finance sources from the intermediaries. Google Forms will be utilized to collect the necessary financial data. Once the data has been collected, a draft of the overall climate finance flows will be developed.

During the workshop, DOF agreed that the climate finance MRV will initially focus on public and international finance, as private climate finance is still developing its taxonomy under the Financial Sector Forum.

The workshop led to clear parameters of the expectations of the climate finance MRV and will provide inputs on the draft policy document on the procedures for MRV of climate finance. However, bi-lateral discussions with key government agencies will still need to be conducted to ensure that key concerns and recommendations for policy actions on climate finance MRV are highlighted and met.



Annex

Annex 1: Consolidated Overview of Climate Finance Flows as a result of the Group Work

