

# Market Mechanisms Country Fact Sheet : The Philippines

## National Climate Change Policy in the Philippines

<b>Name</b>	National Framework Strategy on Climate Change
<b>Objective</b>	To establish the roadmap in creating a climate risk-resilience, with the general goal of building the adaptive capacity and increasing the resilience of natural ecosystems to climate change and optimizing mitigation opportunities.
<b>Year signed</b>	2010

<b>Name</b>	National Climate Change Action Plan
<b>Objective</b>	To address a realistically achievable country-driven programme of action for integrated climate change adaptation and mitigation
<b>Target sectors</b>	Food Security, Water Sufficiency, Environmental and Ecological Stability, Human Security, Sustainable Energy, Climate-Smart Industries and Services, and Knowledge and Capacity Development
<b>Year developed</b>	2011

Source: Climate Change Commission <http://www.climate.gov.ph/>

## Renewable Energy Policy in the Philippines

### Feed-in Tariff (FIT)

#### Renewable Energy Act (R.A. 9513)

**(signed: December, 2008)**

*To accelerate the development of emerging renewable energy resources, a feed-in tariff system for electricity produced from wind, solar, ocean, run-of-river hydropower and biomass is mandated (Section 7).*

#### FIT system Rules

Issued by Energy Regulatory Commission (ERC) in July, 2010

- Priority connection to the grid and purchase and transmission of renewable energy
- End users are obliged to pay a uniform Peso/kWh charge (Feed-in Tariff Allowance, or FIT-ALL)
- Renewable energy developers shall be eligible for the FIT applicable for them for 20 years

Source: R.A. 9513 Renewable Energy Act [http://www.senate.gov.ph/republic\\_acts/ra%209513.pdf](http://www.senate.gov.ph/republic_acts/ra%209513.pdf)  
Energy Regulatory Commission (ERC) <http://www.erc.gov.ph/>

# Institutional Framework

## (1) Organisation Charts

### Climate Change Commission

To coordinate, monitor & evaluate the climate change related programs and action plans

Chair: President

Commissioner/Vice Chair

Commissioner

Commissioner

### Composition of Advisory Board

- Secretaries of selected departments (DA, DOE, DENR, DepEd, DFA, DOH, DILG, DND, DPWH, DOST, DSWD, DTI, DOTC, NEDA)
- Director-General, National Security Council
- Chairperson, National Commission on the Role of Filipino Women;
- Presidents of the Leagues of Provinces, Cities, Municipalities, and Liga ng mga Barangay;
- Representatives from academia, business sector, and non-governmental organisations

### Panel of Tech. Experts

To provide technical advised in climate science, technologies, and best practices

### Climate Change Office

To assist the Commission

Executive Director

\*the Vice Chair of the commission, a member of the Cabinet, acts as Executive Director

Source: Republic Act No.9729, Republic of the Philippines

## (2) National Framework Strategy on Climate Change

### Vision

A climate risk-resilient Philippines with healthy, sage, prosperous & self-reliant communities, and thriving & productive ecosystems

### Goal

To build the adaptive capacity of communities and increase the resilience of natural ecosystems to climate change, and optimize mitigation opportunities towards sustainable development.

### Adaptation

- Enhanced Vulnerability and Adaptation Assessments
- Integrated Ecosystem-Based Management
- Climate-Responsive Agriculture
- Water Governance & Management
- Climate-Responsive Health Sector
- Disaster Risk Reduction

### Mitigation

- Energy Efficiency & Conservation
- Sustainable Infrastructure
- Renewable Energy
- Environmentally Sustainable Transport
- National REDD+ Strategy
- Waste Management

# (3) National Climate Change Action Plan

## Goal

To build the adaptive capacity of women and men in their communities, increase the resilience of vulnerable sectors and natural ecosystems to climate change, and optimize mitigation opportunities towards gender-responsive and rights-based sustainable development

- 2016
- Proposals for the first 5 years,
    - Vulnerability Assessments
    - Demonstration sites for Eco-towns
    - R&D on components to support Renewable Energy and Sustainable Transport System

2011 Providing agenda for adaptation and mitigation for 2011 to 2028 2028

## Seven strategic priorities

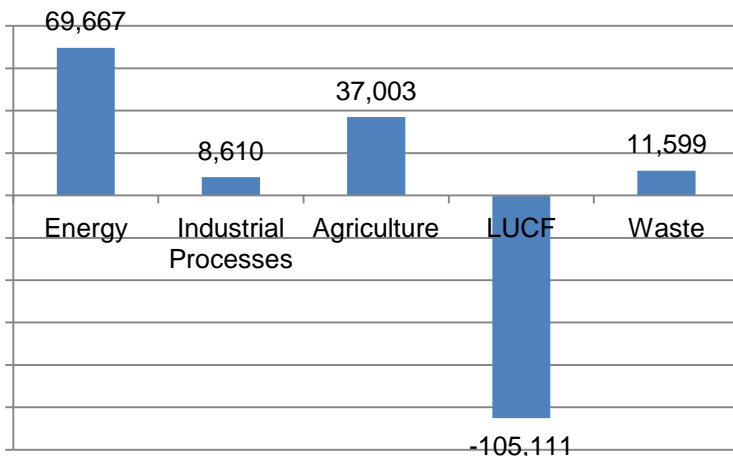
- Food Security
- Water Sufficiency
- Ecosystems and Environmental Stability
- Human Security
- Climate-smart Industries and Services
- Sustainable Energy
- Knowledge and Capacity Development

Source: National Climate Change Action Plan

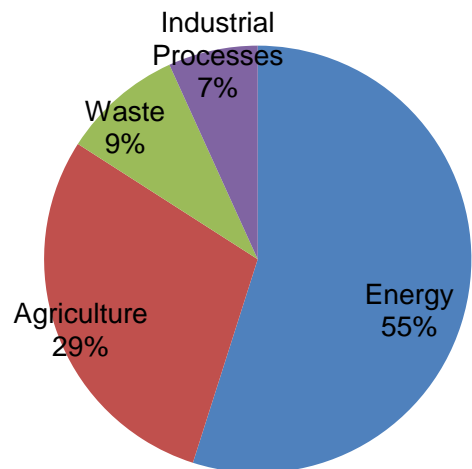
## Information on GHG

### Overview of GHG Emissions

#### Overall 2000 GHG emissions per sector (Gg of CO<sub>2</sub>e)



#### Share of GHG emissions per sector (without LUCF)



Source: National Framework Strategy on Climate Change

# CDM Information

## (1) Current Status of CDM in the Philippines

### Basic Information

(as of 1 November 2011)

Project Status	Number of Projects
CDM projects registered at CDM executive board	57
CDM projects at or after the validation stage	25

Source: IGES CDM Project Database [http://www.iges.or.jp/en/cdm/report\\_cdm](http://www.iges.or.jp/en/cdm/report_cdm)  
 CDM National Bureau <http://www.cdm-mongolia.com>

### Basic Data on CDM Projects (as of 1 November 2011 )

	Registered CDM Projects				Review Requested	Rejected
	No. of Projects	Ave. Annual ERs (tCO <sub>2</sub> /y)	Total ERs by 2012 (tCO <sub>2</sub> )	Issued CERs (tCO <sub>2</sub> )		
Biogas (Animal waste)	35	11,427	1,005,154	11,074	4	1
Biogas (Waste water treatment)	2	62,272	657,731	0	1	0
Biomass Utilization	5	46,232	844,143	0	0	0
Cement	0	0	0	0	0	1
Geothermal power	1	74,916	368,713	0	0	0
Hydro power	5	63,311	693,956	0	0	0
Methane avoidance (Composting)	1	8,322	24,467	0	0	0
Methane recovery & utilization (Landfill)	4	232,443	2,961,399	241,742	3	0
Secondary catalytic reduction of N <sub>2</sub> O emissions	1	39,177	111,272	0	1	0
Waste gas/heat utilization	2	36,736	329,317	15,637	0	0
Wind power	1	56,751	435,634	105,368	0	0
<b>Total</b>	<b>57</b>	<b>39,554*</b>	<b>7,431,785</b>	<b>373,821</b>	<b>9</b>	<b>2</b>

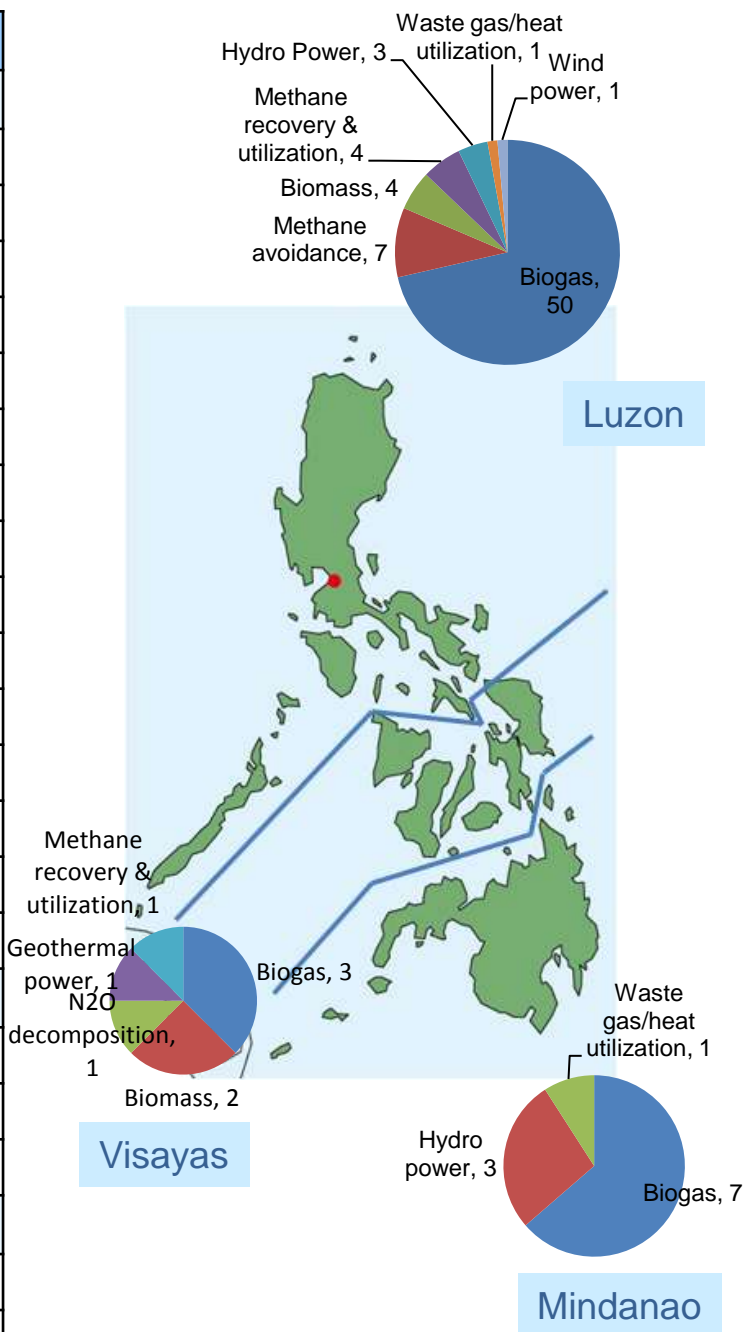
Source: IGES CDM Project Database [http://www.iges.or.jp/en/cdm/report\\_cdm.html](http://www.iges.or.jp/en/cdm/report_cdm.html)

\*average annual emission reduction of all the projects

## (2)CDM Project Information

### The Number of Registered CDM Projects by Province (as of 1 November 2011)

Region	Province	Total
<b>Luzon</b>		<b>70</b>
	Tarlac	18
	Rizal	10
	Batangas	8
	Bulacan	8
	Pampanga	5
	Cavite	4
	Laguna	4
	Metro Manila	3
	Benguet	2
	Isabela	2
	Quezon	2
	Bataan	1
	Ilocos Norte	1
	Nueva Ecija	1
	Nueva Vizcaya	1
<b>Visayas</b>		<b>8</b>
	Cebu	4
	Negros Occidental	2
	Negros Oriental	2
<b>Mindanao</b>		<b>11</b>
	Misamis Oriental	5
	Davao del Sur	4
	Bukidnon	1
	Davao del Norte	1

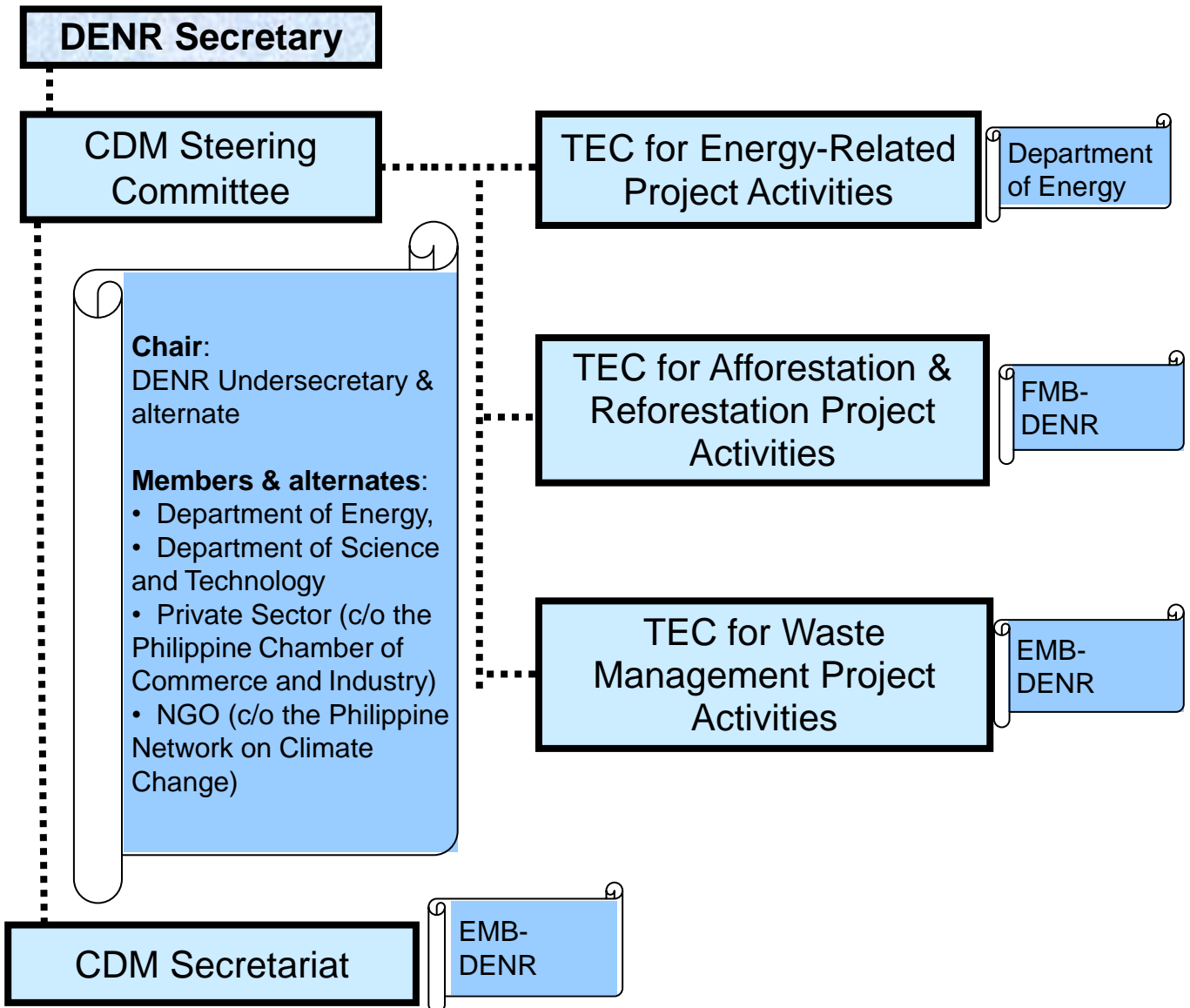


Source: PDDs downloaded at UNFCCC website <http://cdm.unfccc.int/>

Note: some projects are conducted in several locations and therefore the total in a region does not necessarily the same as the total of all provinces in a region. *This may be revised as follows: "some projects are implemented in several locations and therefore the total number of sites does not necessarily reflect the actual number of project activities registered."*

# Designated National Authority (DNA) Information

## (1) DNA Structure



Source: DENR Administrative Order No.2005-17 (31 August, 2005), Annex V, "Organizational Structure of the DENR as the Designated National Authority"

### Designation of the Philippine DNA for CDM

Executive Order No. 320, series of 2004: Designating the Department of Environment and Natural Resources (DENR) as the National Authority for the Clean Development Mechanism

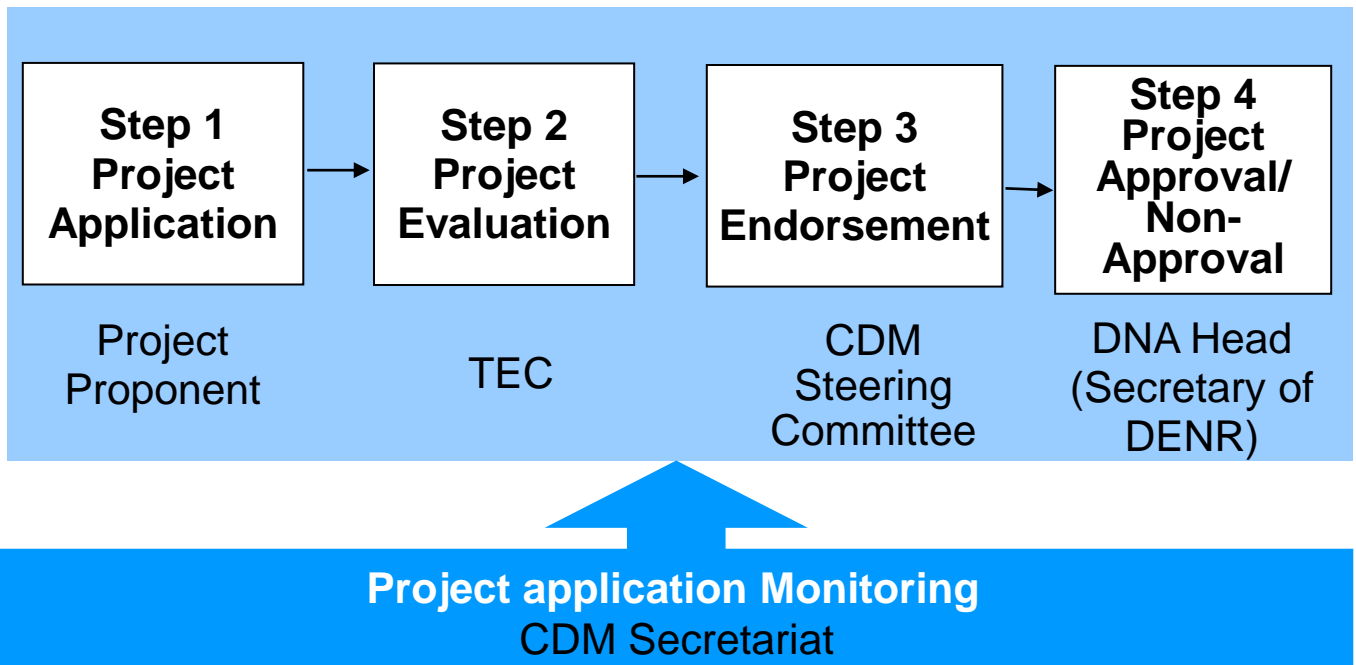
28 June 2004

Promulgation of the Rules and Regulations Governing the Implementation of Executive Order No. 320, series of 2004

31 August 2005 (Signature)  
7 September 2005 (Effectivity)

## (2) DNA Approval Procedure

### CDM NATIONAL APPROVAL PROCESS BASIC STEPS



Source: DENR Administrative Order No.2005-17 (31 August, 2005), "Chapter III CDM National Approval Process"

### Application Fees and Processing Time

	Fees (PHP)	Target Time (Working Days)
<b>Filing Fees</b>	600	
<b>CDM Project Activities Not Considered Small Scale</b>	10,000	15-20
<b>Small-Scale CDM Project Activities</b>	5,000	20-25

Source: DENR Administrative Order No.2005-17 Section 10.1 and Annex I on "Schedule of Fees"

### (3) DNA Approval Criteria

*Sustainable development benefits and the legal capacity to participate serve as the bases for evaluating an application.*

#### Sustainable Development Benefits Description (SDBD):

Economic Dimension	
Criteria	Project Level Indicators (Examples)
Provide livelihood and other economic opportunities in the community	Local companies to be contracted for the construction, implementation
	Number of workers from the host community (skilled and unskilled, contractual and permanent employment, competitive packages)
	Livelihood opportunities
	Finance schemes for sustainable alternative livelihood.
Provide proper safety nets and compensatory measures for affected stakeholders	Measures to address the replacement of lost assets, loss of livelihood opportunities as a result of the project
	Safety nets and compensatory measures as a result of operation/implementation risks and potential hazards
Promote the use of cleaner, more efficient and environment-friendly technology in the sector	Transfer of appropriate technology (describe actual technology, extent of its application in the sector, dependability/reliability/efficiency and expected technological problems and how to address such problems)
Provide new financial resources	In addition to the estimated foreign capital inflow received from an Annex I country and the reduction in expenditures for a particular item as a result of the project, include the amount of savings to be generated and the amount of funds therefrom to be allocated for other purposes for the improvement of the host community such as setting up of development funds for sustainable programmes for disadvantaged sectors / groups, employee benefits, etc.
Social Dimension	
Provide education and training which build the capacities of local stakeholders	Frequency and types of training (social, technological, entrepreneurial, etc.) for the project's labour force and the host communities
	Frequency of educational tours for academe, related industries and other interested parties on the technology, impacts of climate change and CDM – visits/tours/lectures conducted per month
	Scholarships for deserving local stakeholders
Provide vulnerable groups access to local resources and services	Access to local resources (fishing grounds, forests, water, etc.)
	Supply of and access to basic needs (water, food, electricity, medical outreach, etc) for affected vulnerable groups.
Promote local participation in the project activity	Level of coordination with and participation of various sectors, social development strategies, integration with the community
Environmental Dimension	
Improve local environmental quality	Measurable indicators to show the improvement in local environmental quality other than the GHG emission reduction – schedule of surveys, inventories and other monitoring tools
	Stability and treatment of any form of waste coming from the project.
Comply with environmental policies and standards	Present and expected level of compliance with all applicable environmental policies and standards (EIA, air, water, land use and forestry, natural habitat and protected areas, waste hazardous, etc.) vis-à-vis historical data
Promote sustainable use of natural resources	Concrete efforts of the project to promote sustainable strategies and programs for the use of natural resources in and around project site (water, forests, etc.)

# Required Application Documents for Requesting Host Country Approval

1. Letter of Intent<sup>[1]</sup>

2. Application Letter (template available at the Philippine DNA website)

3. Project Design Document (PDD)

4. Required Attachments

(1) **Sustainable Development Benefits Description**

State project level indicators. If there are existing sustainable development-related programs as mandated under Philippine laws, rules and regulations as a result of the core or base project, the related CDM project activity should be able to provide new sustainable development benefits on top of these programs.

(2) **Proof of Legal Capacity<sup>[2]</sup>**

(3) **Supporting Documentation of Stakeholders' Consultation**

(4) **Environmental Compliance Certificate / Certificate of Non-Coverage<sup>[3]</sup>**

(5) **Copies of other permits, certificates and clearances as applicable** (e.g. Permit to Discharge, Clearance from the Fertilizers and Pesticides Authority, etc.)

(6) **Evidence of adequacy of supplies critical to the project activity and proof that other users are not unduly disadvantaged** (e.g. copy of final contracts with suppliers of biomass/feedstock)

(7) **Evidence of the coverage of agreement between the CDM project developer and the project owner-proponent** (Responsibilities, Liabilities, Benefit Packages, etc.)

(8) **Results of Feasibility Study**, if any

(9) **Notarization** (accountability statement – original copy)

(10) 10 Printed copies and 2 electronic copies of the complete set of application documents (including maps, charts, photos, etc.). To facilitate the filing of applications, applicants are advised to seek an appointment with the CDM Secretariat for the initial verification of completeness of documents prior to reproduction.

<sup>[1]</sup> UNFCCC CDM Executive Board 41, Annex 46: Guidance on the demonstration and assessment of prior consideration of the CDM

<sup>[2]</sup> Host country authorization is required in order to open accounts in the CDM registry. The following proof/s that the Philippine project proponents possess the legal capacity to participate in, and undertake the proposed CDM project activity, must be submitted: Charter / SEC Registration, Articles of Incorporation, latest/updated General Information Sheet, valid Business Permit, Certificate of Good Standing and No Pending Cases, Company Profile and Management Experience

<sup>[3]</sup> The following projects are not required to acquire an ECC under Presidential Decree No. 1586:

a.) Family dwellings / residential units;

b.) Barangay Micro-Business enterprises under Republic Act 9178;

c.) Projects that are existing or operational prior to 1982 and has not expanded in terms of production, process or area; not stopped for at least two years since 1982; with technology / production method or manufacturing process / operation used prior to 1982 and were not modified; with project facilities or structures prior to 1982 that were not changed or added to; and

d.) Other projects classified as Certificate of Non-Coverage (CNC) under the Categorization Matrix of the Procedural Manual.

# CDM Relevant Information

## Kyoto Protocol Ratification Status

The UNFCCC	
Date of signature	12 June 1992
Date of ratification	2 August 1994
Date of entry into force	31 October 1994
The Kyoto Protocol	
Date of signature	15 April 1998
Date of ratification	20 November 2003
Date of entry into force	16 February 2005
National Communication	
First National Communication	19 May 2000

Source: "Ratification Status" in the UNFCCC webpage  
<http://maindb.unfccc.int/public/country.pl?country=PH>

## Guidance/Clarification from DNA

### Interim Guidelines on the conduct of stakeholders' consultation under DAO 2005-17<sup>[1]</sup>

*Minimum Contents of the Documentation of Stakeholders' Consultation:*

- *Proof of Written Announcement / Invitation, List of Participants – containing complete names, specific organizations and sectors/affected groups represented, signatures, Minutes of Proceedings – with a section on stakeholder profiling; photos and presentation materials as annexes, Summary of Issues and Concerns Raised, Proposed Measures to Address Issues and Concerns, Site / Vicinity Map*

### Guidelines governing the evaluation of CDM Afforestation and Reforestation (AR) project activities<sup>[2]</sup>

1. The CDM Afforestation and Reforestation project activity may be implemented in all open/denuded areas prior to 1990 and at present, either public or private land;
2. The provision on the requirements needed for the TEC Evaluation for the public and private land;
3. The qualified applicant must be a holder of existing and operating tenurial agreement and for non-holder, they must be granted a waiver by the tenured holder and board resolution in case of proclamation to undertake CDM AR project activities in the area;
4. The FMB Secretariat shall see to it that the processing of the documents for each project proposal is within the prescribed evaluation period which shall not exceed five (5) days for small-scale project and nine (9) days for large-scale project.

[1] Philippines DNA website Technical Resources, <http://cdmdna.emb.gov.ph/> "Interim Guidelines for the Conduct of the Stakeholders' Consultations"

[2] FMB Circular No. 2007-01

## Benchmark Rate Information on the Registered CDM Projects

Project Type	Benchmark Type	Benchmark Rate	Reference
Hydro Power	Treasury Certificate + Risk premium	11.0%	Peso-denominated Philippine government bond as of 16 August 2007 expiring in March 2011
Geothermal Power	NA	13.2%	NA
Methane Recovery & Utilization	Government bond rate	7.1%	Asian Bond On line quotation of 24 May 2007
Wind Power	NA	13.2%	NA

Source: IGES CDM Investment analysis database [http://www.iges.or.jp/en/cdm/report\\_cdm.html#ia](http://www.iges.or.jp/en/cdm/report_cdm.html#ia)

## Contact Information

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Naoki Torii, IGES Market Mechanism Group **December 2011**

## Acknowledgement

Data and information on Philippine CDM projects were provided by the EMB-DENR. The valuable information and comments received from the EMB-DENR for this issue of the CDM Country Fact Sheet were greatly appreciated.