

Analysis of the People's Survival Fund: Insights on Climate Finance Delivery in the Philippines

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Research Brief

Global data on climate risks ranked the Philippines as among the most vulnerable countries in the world (2019 Global Climate Risk Index, 2019 Global Peace Index, 2018 World Risk Report). Adaptation as a policy area has become imperative more than ever before to build resilience and brace poor local communities on the risks brought about by the changing climate. This is the *raison d'etre* behind the passage of Republic Act 10174 (People's Survival Fund Law) in the Philippines. The People's Survival Fund (PSF) supports adaptation activities of local governments and communities with low adaptive capacity, high poverty incidence and key biodiversity areas.

The PSF as a climate adaptation finance mechanism is uniquely significant for a number of reasons: essentially sourced out from public fund, exclusively for adaptation purposes, implemented in the subnational level and its objectives highly embedded in disaster risk reduction and poverty reduction goals of the country. Currently, not much literature on adaptation finance with funds of public character and focused solely for adaptation purposes at the subnational level in the Southeast Asian context exists. This epistemological gap along with potential barriers in the implementation of the PSF strikes into the heart of fundamental policy areas. Firstly, this study addresses the issue of climate change and its ramifications to sustainable development at the local level. Extreme weather events in the Philippines often result to extensive loss of life, homes and livelihoods, damages to property and communal assets and jeopardize whatever development gains made by the country in the past decade. In real terms, the changing climate threatens the country's efforts on poverty eradication and sustainable development. Secondly, it addresses the issue of adaptation in relation to social inclusion. Despite the fact that the Fund follows the enhanced direct access modality and has been in existence in the last nine years, only six (6) adaptation projects with cumulative worth of roughly US\$ 6.5M are currently being implemented suggestive of possible democratic deficit in the implementation of the PSF. With that said, the findings of this research can be used to inform policy with the end-goal of making access to the People's Survival Fund more democratized.

The study mapped out the potential barriers/problems in the implementation and delivery of the People's Survival Fund in three perspectives: policy, institutions and operations. It also determined the main reasons for success and failure of the local government unit in accessing the PSF.

Using the exploratory sequential design, the researcher integrated quantitative and qualitative data within a single investigation. (Wisdom and Creswell, 2013; Onwuegbuzie, Bustamante, and Nelson, 2010). Quantitative policy analytical tools (PCI Framework for Effectiveness of Climate Change Policy and Policy Triangle Framework); institutional analytical logic (PCI Framework for Evaluating Institutional Arrangement and the Institutional Analysis and Development Framework) and desk-

review of national level policy documents were used to unravel insights on policy, institutional and operational barriers. Semi-structured interview and focus group discussions were likewise used to identify the main reasons for success and failure of PSF projects. Eight national-level legislative and policy documents on climate adaptation were reviewed. One success case study on climate adaptation project, "Promoting Resilience and Climate-Informed Gerona," was highlighted to identify the key success factors. The findings from the qualitative phase were later used to inform subsequent quantitative data collection through survey questionnaire (quantitative phase).

Findings disclosed that on the macro-level, there exists an enabling environment for the implementation of the People's Survival Fund, but policy, institutional and operational gaps exist at the implementation level. The existing legal-policy ecosystem in the Philippines is generally favourable and conducive for the implementation of the People's Survival Fund Law as evidenced by the constellation of legal framework, policy framework, institutional architecture, governance structure, and climate finance mechanisms. *The People's Survival Fund Law is not a policy in isolation, but a policy that is embedded in an existing policy constellation.* The People's Survival Fund Law is generally compliant with all the principles of good governance on climate finance delivery (implementability, coherence and legitimacy) saved on the issue of transparency owing to the fact that there is no public database about projects approved, budget allocated, their status of completion and other relevant information which will guide the public in monitoring the expenditure of public fund relative to the projects funded. Moreover, fundamental institutional architecture and processes are in place at the national level. Both the Climate Change Commission (CCC) and PSF Board have sufficient level of democracy in terms of representation---multi-sectoral, inter-agency, inter-departmental, collaborative and polycentric.

If an adaptation project financed by the PSF is properly implemented in the sub-national level, it could provide doorstep conditions for the attainment of adaptation objectives. The case study of the agricultural community of Gerona is illustrative of this case. Using Ostrom's Institutional Analysis and Development Framework, the Gerona case study showed that while the existence of formal institutions (laws, rules and governance structures) is important; it does not automatically and necessarily result to effective, efficient and responsive implementation of the People's Survival Fund. Leveraging upon informal institutional networks is equally important to engender collective action, build social trust, enhance the stock of social capital, ensure optimum inclusive, meaningful and impactful participatory engagement and finally attain the goals of public good envisioned by the climate adaptation project. The Gerona case illustrates that employing participatory and community-driven approaches and promoting inclusive governance can provide synergy to increase collective action for the implementation of the project, support local values, trust, customs, and ownership; strengthen the enforcement of rules; address power relations; and thereby improve local implementation capacity, monitoring and sanctioning efforts, and long-term sustainability of the desired intervention outcomes.

A number of key success factors from the Gerona case have been identified and generally at their core are governance and institutions: top-level management support from local executives in power; ground support system from the stakeholders through meaningful and inclusive participatory process lend legitimacy, transparency,

credibility and sense of ownership to the project; and concerted efforts of state and non-state actors involved in climate change actions.

In the policy perspectives, critical information gap about adaptation in general and the PSF in particular, possible financing gap in the future, and absence of harmonious and unified guidelines during the implementation stage of an adaptation project were deemed as potential policy barriers. There is evident lack of awareness, knowledge and information about adaptation and the People's Survival Fund, more notably, in the poor and vulnerable rural agricultural communities. The People's Survival Fund is still largely unknown in the country. Moreover, "financing gap" for the People's Survival Fund could exist in the future given the fixed annual appropriations (around US\$20 million) allotted by the Philippine government to the Fund. Project priority lock-ins could also deter implementation of project which are badly needed by municipalities but are outside the identified priority areas. It can also be noted that while the law provides for co-creation, co-production and public-private partnership schemes, there exists no clear-cut enabling policy guidelines for private sector participation. Finally, the lack of enabling guidelines to govern implementation of project remains a policy gap that could be better addressed through the issuance of implementation guidelines or documents of similar nature by agencies involved in the delivery of the PSF.

Institutional barriers could limit what local government units could accomplish. Undermanned, overworked and overwhelmed, the subnational government cannot be expected to propose and implement adaptation projects under the PSF without adequate logistical supports from the national government. In some municipalities, for instance, compliance with even two of the fundamental plans needed for submission of adaptation project proposal in the Climate Change Commission can be daunting: the Comprehensive Land Use Plan (CLUP) and the Comprehensive Development Plan (CDP). These "capacity gap" and "lack of administrative readiness" of poor and vulnerable rural agricultural communities in the country typically hinder meaningful local climate action. Most of the vulnerable communities in the country are those with low adaptive capacity, low human capital but with high incidence of poverty. Most local government units (LGUs) do not have adequate, competent and skilled personnel who will perform climate change actions in the local level. The present institutional architecture in the local level does not provide for it. The absence of local institutional coordinating body that will coordinate the activities related to climate actions among collaborating units, agencies and entities involved in climate governance can be regarded as a "governance gap" in the People's Survival Fund law. While in the national level there is a Climate Change Commission that performs coordinative functions for and among the different agencies of the government and representative stakeholders, there is no such equivalent body in the local or micro-level. Hence, while submissions of project proposals were made by LGUs in the past years, they generally lack quality and responsiveness to the requirements of the PSF Board. Thus, the low approval rate.

In the operational level, substantial delays incurred by agencies involved in the delivery of the PSF and confusion brought about by incoherent implementing guidelines serve as hurdles for the smooth implementation of an adaptation project. Delays are usually incurred by the Climate Change Commission in the conduct of field validation of works accomplished by the adaptation project, by the Commission of Audit in post-auditing the various phases of the project, and by the Development Bank

of the Philippines in the release of the funds. Such administrative delays and bureaucratic bottlenecks impact the completion of the project on time, delivery of the services to the beneficiaries and possibly cause mistrust to the sincerity of the national government in the performance of their functions.

The foregoing problems inevitably result to low submission of adaptation project proposals; even when proposals are submitted they lack the needed rigor, quality and substance. Some proposals submitted are not necessarily adaptation but business-as-usual; others failed to meet the standards of the PSF Board; still others are lacking of the mandatory documents such as vulnerability assessment. These explain the reasons why some municipalities are unable to access the PSF. While some municipalities have skilled personnel to undertake adaptation project, either the local chief executive or the local council does not consider adaptation projects with long-term duration as practical or politically beneficial to them in the short-term. These issues involving political will and political buy-in coupled by the cyclical shift in power impact meaningful local climate action in the subnational level.

The PSF is still a work in progress. While there are constraints in its governance and implementation, there are reasons to be optimistic in the future.

A number of relevant observations could be deduced from this research which have practical bearing on some policy considerations. Firstly, empowering the front-liners of climate adaptation action at the sub-national level through targeted capacity-building remains a low-hanging fruit that the national government could tap upon. Local government units with high vulnerability but with low adaptive capacity and low human capital can be considered on top of the priority. Secondly, alongside capacity-building, provision for local institutional structures and process should be in place to address the governance gap at the subnational level for climate adaptation action. A collaborative multi-sectoral committee with functions similar to the Climate Change Commission could be improvised in the organizational structure at the local level. A dedicated focal person/unit which liaises the functions of this committee should likewise be designated. Thirdly, the critical information gap about adaptation and the PSF could be well addressed by the national government through the Climate Change Commission by stepping up its education and public information campaign. While much has been done, much still needs to be done in mainstreaming climate adaptation in local plans and strategies and in cascading knowledge about adaptation not only to policy actors but more importantly to stakeholders directly affected by the impacts of the changing climate. Finally, there is a need to possibly revisit the People's Survival Fund Law and its implementing rules and regulations to take into account policy, institutional and operational gaps identified in this study.