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SCALED UP AND REFORMED MDB FINANCING FOR CLIMATE ADAPTATION – THE NEED OF THE DAY

PRABIN MAN SINGH | PRAKRITI RESOURCES CENTRE

Nepal is one of the most vulnerable countries to climate change. The country needs to invest a large sum of money to protect its people from adverse impacts of climate change. Estimated budget of National Adaptation Plan (NAP) to finance priority projects till 2050 stands at a whopping USD 45.9 billion. Similarly, USD 25 billion is required to achieve conditional mitigation targets of second Nationally Determined Contribution (NDC) of Nepal. Approximately USD 2.36 billion per annum is required to achieve mitigation and adaptation targets by 2050. The government of Nepal had allocated approximately USD 0.5 billion annually for climate actions during the last 10 years. Nepal's present budgetary allocation for climate actions is only one-fifth of what is needed. Multilateral Development Banks (MDBs) can play a significant role in meeting the deficit.

Prakriti Resources Centre (PRC) and International Institute for Sustainable Development (IISD) conducted a study on the investment of the World Bank and Asian Development Bank in climate adaptation actions in Nepal between 2013 and 2020. The World Bank had funded 56 projects with a total investment of USD 4.59 billion. Nine out of the 56 projects had adaptation co-benefits, while eight others had both adaptation and mitigation co-benefits. Total adaptation-related financing in Nepal amounted to USD 1.20 billion (26%) from 2013 to 2020, compared to USD 0.45 billion (10%) with mitigation co-benefits. Similarly, nine out of 32 ADB projects in Nepal between 2013 and 2020 had financed only for adaptation co-benefits, while seven projects' financing had aimed at both adaptation and mitigation co-benefits. The total adaptation-related financing amounted to USD 0.32 billion between 2013 and 2020. 10.48% of all ADB financial commitments during the period were for adaptation, compared with 22% for mitigation.

The study also determined that 44.64% (25 out of 56) of World Bank projects that were approved for funding from 2013 to 2020 in Nepal were screened for climate risks. All ADB projects in Nepal were screened for climate risks from 2013 to 2020. Climate risk assessments were undertaken for most large infrastructure projects financed by the banks during the period, which identified the expected climate impacts on the project and designed actions to address those impacts. The banks used their own tools and methods to undertake climate risk screening. Nepal's climate vulnerability and risks assessments are largely overlooked by the banks.

Investments of the banks on climate adaptation projects marked an increase in

2013 to 2020. However, a majority of the investments are for climate proofing the sectoral projects, mainly on infrastructure. Each bank had funded only one dedicated climate adaptation project. The World Bank and Asian Development Bank's Country Strategy documents have listed agriculture, water resources and disaster risk reduction and management as priority sectors for climate adaptation in Nepal. Only 13% of World Bank's adaptation financing is allocated for projects related to the three priority sectors. ADB had financed 36% of its total adaptation financing to projects related to the priority sectors.

Climate risk assessment is conducted in the project development phase and it largely takes place at the (MDB) headquarters. The level of engagement of the country teams as well as the line ministries and local stakeholders in the risk assessment is pretty low.

MDBs financing on climate adaptation is increasing but this finance is mainly to climate proof their investments. MDBs need to increase finance on adaptation that directly benefits the poor and vulnerable communities adversely affected by climate change. Concessional lending is the most common financial instruments used by MDBs for financing adaptation projects. The banks need to scale up grant to support developing countries for enhancing their adaptation efforts. MDBs need to align their financing decision with the national priorities identified in National Adaptation Plan and Nationally Determined Contributions.

ECONOMY STANDING ON SLIPPERY SLOPE?

DR. RENE E. OFRENEO |FREEDOM FROM DEBT COALITION

Can the Philippines achieve its annual GDP growth target of 6.5 percent to 8 percent between 2023 and 2028? Per calculations by our technocrats, such a pattern of economic growth will enable the PBBM administration to reduce poverty level to a single digit, return the debt-to-GDP ratio back to less than the 60 percent global threshold, and most importantly, elevate the country to the "upper middle-income status."

Not many are convinced that the PBBM administration shall be able to attain the above targets. The Philippines has a long history of development "misses." The technocrats' high growth projections outlined in the quinquennial (five years) Philippine Medium-Term Plans since the 1970s have all failed to materialize despite the CGE economic modelling done by favored liberal economists. This pattern of misses dates back to the martial law decade of the 1970s when the National Economic and Development Authority (Neda) aggressively pushed for the adoption of the national economic development program dubbed labor-intensive "export-oriented industrialization" (EOI).

And yet, after five decades and a series of EOI-augmenting policies designed by the IMF and the World Bank such as the trade/investment liberalization program, the Philippines has very little to show for the success of its EOI program. In contrast, the more protectionist and non-FDI-dependent South Korea and Taiwan became the industrial giants and export dynamos of Asia in these decades.

The most glaring illustration of how economic technocrats, using perfect competition assumptions, can err so badly in their economic CGE-based projections is amply shown in the Senate ratification of Philippine membership in the World Trade Organization (WTO) in 1995. The Senate was informed by these economists that non-ratification would lead to economic collapse while WTO membership ratification would not only strengthen the economy but would also lead to the creation annually of half a million "new jobs" in industry and half a million "new jobs" in agriculture. So what is the score 28 years after? Stagnant industrial development, vastly-eroded agricultural sector and limited jobs in both sectors.

Not surprisingly, farmer organizations, having seen the disastrous results of Philippine membership in the WTO, have been opposing the Senate ratification of Philippine membership in the Regional Comprehensive Economic Partnership (RCEP). They ask: is the RCEP trade deal "based on equality, reciprocity, mutual benefit and national interest"? They ask: how ready is the Philippines for the flood of goods from China and other trading collossi that RCEP's liberalized regime is likely to unleash? What, in the first place, has been the gains of the Philippines from its trade liberalization commitments under the IMF-World Bank's structural adjustment program (imposed as a policy conditionality in the 1980s), WTO's trade liberalization and other free trade agreements that the country entered into in the last few decades?

But back to the 2023-28 economic forecasts of the PBBM administration.

In January 2022, the government came up with a number of macroeconomic projections for the whole year. These included the following: GDP growth of 7.0-9.0 percent, inflation of 2.0-4.0 percent and peso-dollar rate of P48-52 per dollar, unemployment rate of 5.6-7.1 percent, and current account balance of $6.7 billion. The government also proclaimed that the economy is generally stable because the Central Bank had by the end of 2021 accumulated gross international reserves valued at $117 billion, equivalent to 11.1 months of imports. With these forecasts, the economic technocrats, from the Duterte to the PBBM administrations, informed the nation that recovery is now fully underway.

Recent GDP data released by the PSA tend to support the government's growth forecasts. The economy clocked 7.6 percent growth in the third quarter of the year. Thanks to the post-Covid re-opening of the economy and electoral spending, the GDP growth in the first half of 2022 was also above 7 percent. With revenge Christmas spending by the country's elite and the OFW families, there is no doubt that the full-year GDP growth target is attainable.

The government spokespersons are also happy to announce that unemployment has been going down, reaching a record low of 5 percent in September. So with unemployment down and GDP up, is the Philippines now in the cusp of an economic boom?

Here's the more relevant question to pose: is growth benefiting the country's majority and is it sustainable?

As it is, a year of high GDP growth is not enough to reverse two years of economic stagnation under the militaristic lockdowns imposed by the Duterte administration in 2020 and 2021. The economy is not yet back to the pre-Covid level. One simply has to go around the country to see how many businesses, shops, restaurants and even schools have remained closed or barely surviving.

The GDP also does not show the poor quality of jobs available in the labor market. A recent policy brief published by the UP Center for Integrative and Development Studies (Emily Cabegin, "The Informal Labor Carries the Brunt of Covid-19-Induced Economic Recession," 2022) shows that four out of five workers are "informal," meaning they have precarious or unprotected jobs in the large informal economy and in the formal sector (as "endos" and casuals). In short, the economy is not churning out good quality jobs for the majority of the work force. This

means the low unemployment rate in the country is due to the efforts of the poor and jobless or near jobless to accept whatever jobs are available no matter how menial or "indecent" these jobs are—no job security, no fair work standards observed and low remuneration or compensation.

The bad labor market situation is compounded by the rampaging inflation that is eating into the incomes of everyone—both regular and non-regular workers in the formal labor market and the numerous workers in the large informal sector. Inflation reached 7.7 percent in October to the dismay of the economic planners. Low quality jobs amid an inflationary situation means endless belt tightening by the poor. Mahar Mangahas of Social Weather Stations observed that "prolonged hunger" has increased in the NCR, affecting 16.3 percent of the NCR households. Hunger is also rising in Mindanao, especially in banana plantations hit by the Panama disease.

To improve the situation for the numerous poor, the government should go beyond the crafting of short-term "ayudas" that can ease pangs of hunger and destitution by a week or two at the most, such as DOLE's TUPAD, an emergy employment program. The government should abandon the idea that continuous high growth of the economy benefits everyone. It does not, unless social and economic reforms are instituted to make growth broad-based and beneficial to everyone.

Growth, of course, should also be sustainable. In this area, one is astonished over the gung-ho atittude of policy makers from the Executive and Legislative branches on the sustainability of growth. Data released by the Central Bank shows that the balance of payments deficit has been widening and the gross international reserves is now down to $93 billion (as of September), which can cover 8 months of imports. The inflows of FDI are also reported to be shrinking. And yet, due to the numerous FDI pledges received by PBBM in his foreign sorties, the economic planners assume that things can only be better.

Nobody seems to be paying attention to the warning of Nouriel Roubini, one of the few economists who predicted the global financial crisis of 2007-2008. The global "stagflationary debt crisis" is here and will be persistent. The Chief Economist of the IMF, Pierre-Olivier Gourinchas, agrees because of the unresolved Ukraine war, China slowdown and inflationary trends around the world. He wrote: "The worst is yet to come, and for many people 2023 will feel like a recession".

So how should the PBBM administration do the economic piloting? Continue adopting a business-as-usual posture and assume that high growth forecasts are likely to be fulfilled and would benefit the country's poor? Or is it not time for an economic reset and for the government to undertake a more serious stock taking as what the farmer organizations resisting RCEP are asking?

Are we in the cusp of an economic boom, or are we standing on a slippery recessionary slope?

***Originally published in Business Mirror.

WHY WALDEN BELLO'S ARREST AND DETENTION FOR CYBERLIBEL DEMANDS ATTENTION

WALDEN BELLO

In August 8, 2022, officers of the Philippine National Police (PNP) arrived at my residence at 62 Moncado Street, BF Homes, Quezon City, to arrest me on charges of two counts of cyberlibel. The arrest was made shortly before 5 PM, which made it impossible to process bail, forcing me to spend the night in custody at the PP's Camp Karingal in Quezon City. At around 4 pm the next day, August 9, I was released from detention after posting a cash bond of P48,000 (approximately $860) for each count, for a total of P96,000 ($1,720).

My arrest and detention has been widely seen as the first major assault on democratic rights under the administration of President Ferdinand Marcos Jr., who assumed power barely six weeks ago. This is likely the reason for the massive outrage and outpouring of support both nationally and internationally that was triggered by the incident.

The charge of cyberlibel was lodged in March 2022 by Jefry Tupas, former press information officer of then-Mayor Sara Duterte, after my communications team made a post on Facebook referring to Tupas's presence at a party in Mabini, Davao de Oro, on November 2021, where illegal drugs were in use. The party was raided by the Philippine Drug Enforcement Agency. Despite many news items that explicitly asserted that she was present at the party, Tupas claimed she was defamed by me, then sued me to the tune of P10 million (roughly $180,000), in addition to pressing criminal charges. She did not press charges or sue any of the many journalists and news agencies that wrote about her attending the party.

The case is clearly a case of political persecution. Tupas was incidental to a question raised by the Facebook post regarding Sara Duterte's management capabilities as a mayor. Both Sara Duterte—the daughter of outgoing President Rodrigo Duterte—and I were running for vice president of the Philippines at the time. It was in this context that I posed the question of whether Duterte as mayor knew of her subordinate's presence at the party. That Duterte felt there was something wrong with her press information officer's presence at a party where illegal drugs were being used was indicated by her firing of Tupas after news spread about the incident.

The Facebook post by my communications team was raised in the context of my challenging Duterte to appear in the national debates that were then being held to determine candidates' qualifications for high office. Instead of Duterte participating in a number of televised debates—as all the other candidates for vice president did—her camp not only filed the cyberlibel charge against me; it also had the city council of Davao declare me "persona non grata" and labeled me a "narco-politician," a charge that has negative implications for my physical security in a country where thousands have been extrajudicially executed for being allegedly drug users and peddlers. It was clear the moving force behind these efforts to intimidate me was then–vice presidential candidate—and now vice president—Sara Duterte.

The charge of cyberlibel lodged against me is a brazen case of weaponizing the law against critics. This is a dangerous trend in the Philippines, where 3,770 cases of cyberlibel have been filed, many of them by personalities seeking to silence their opponents. The most infamous of these has been the case lodged against Nobel Peace Prize winner Maria Ressa, chief executive officer of the pioneering online news and information source Rappler. Owing to this, calls to decriminalize libel and cyberlibel by concerned citizens have increased.

My lawyers have filed a petition to the secretary of justice to review and dump the Davao City prosecutor's judgment that there is "probable cause" to charge me with cyberlibel. Until the secretary rules on the matter, court proceedings, including my arraignment and preliminary hearings, are in abeyance.

President Ferdinand Marcos Jr. knows that his vice president's initiative is political to the core. Will he allow a case that so clearly threatens freedom of speech to spoil his efforts to project a positive image for a citizenry deeply divided by his family's controversial return to power?

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