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MR. KATSUNOBU KATO

Minister of Finance, The Government of Japan
1-3-1 Kasumigaseki, Chiyoda-ku
Tokyo 100-8962
Japan

Dear Minister Kato,

We write this letter to submit the Philippine Movement for Climate Justice's (PMCJ) position on the Energy Transition Mechanism (ETM) and the Japan-funded fossil fuel projects in the Philippines.

As an organization committed to advancing climate justice, PMCJ is supporting the global campaign for a Fossil-Free Japan to stop the continued investment in fossil fuel projects in the Philippines coming from the Japanese government, insurers, private banks, and corporations. The efforts to achieve the transition to a cleaner, just, and sustainable society are undermined by the expansion of coal-fired power plants and fossil gas infrastructure. This also jeopardizes the environment, health, well-being, and rights of the affected communities.

PMCJ sees the critical role and support from Japan in addressing and upholding its climate commitments. We respectfully urge the Japanese government to withdraw its support for fossil fuel projects and accelerate investments in clean energy initiatives that are aligned with the global climate goals and the well-being of the Filipino people.

Enclosed in this letter is our detailed position paper, which outlines our concerns and recommendations for a concrete realization of Japan's Role in the Philippines' Energy Future. We welcome the opportunity to engage in further discussions on this matter and look forward to your consideration of our position.

Thank you for your time and attention to this critical issue.

Sincerely,

Ian Rivera
National Coordinator
Philippine Movement for Climate Justice

PM CJ Position on Energy Transition Mechanism and Japan-Funded Fossil Fuel Projects in the Philippines

The Fact Sheet on Accelerating Coal Transition (ACT) Investment Plan for the Philippines reports that coal accounts for over 55% of the country's total greenhouse emissions. It also dominates the country's energy mix. The electricity landscape in the Philippines from July 2023 to June 2024 is predominantly driven by fossil fuels, with about 78% sourced from these energy types. Coal alone accounts for over 61%, making it the largest contributor to the country's generation mix.

Data shows that coal-fired power plants are among the largest contributors to greenhouse gas emissions, which are driving climate change and worsening the frequency of extreme weather events that affect vulnerable populations in the Philippines. With this recognition, the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report on Climate Change Mitigation (AR 6) states that the peak of fossil fuel use should be by 2025 to limit global warming to 1.5C.

In the case of the Philippines, fossil fuel dependence, particularly coal, continues to grow rapidly. This overtakes the share of electricity generation from coal in Poland, China, and Indonesia, as revealed in the study by Ember in 2024. As one of the climate-disadvantaged countries, the Philippines is at the forefront of a climate crisis exacerbated by the business-as-usual of developed countries and irresponsible practices of large corporations.

The continued flows of financing to support the expansion of fossil fuel in the Philippines pins the country further in a climate disaster and forces Filipinos to battle their survival with a meager income. As climate change cannot be sharply addressed without a framework for system change that veers away from market solutions, especially concerning financing, the fight for a swift just transition to clean and renewable energy must enable the advancement of clean money for clean energy. This means that financing to support solutions for mitigation, adaptation, loss and damage, and just transition should be delivered as reparations – a fulfillment of the big polluter's obligation of climate debt.

To further arrest the impacts of the climate crisis in the country, the declaration of a climate emergency will enable the mobilization of resources to deliver the country's commitment to the Paris Agreement and set a more ambitious target for renewable energy in the Philippines. The Philippine Movement for Climate Justice (PM CJ) registers that a coal-free future is one of the concrete realizations of the country's pursuit for a cleaner, just, and sustainable society.

Japan, ADB, and the Philippines: Financing Fossil Fuels Over Renewable Futures

Multilateral development banks like the Asian Development Bank (ADB), acknowledge the critical need to transition away from coal in Asia and the Pacific to realize its climate goals. Through its Energy Transition Mechanism (ETM), ADB is pursuing an expedited shift toward clean energy. ETM is a market-based approach that relies on concessional funding. This financial arrangement enables private corporations to be bailed out without being held liable for the harms, losses, and damages incurred on the environment and communities adjacent to and near coal plants.

In the case of the Philippines, plans for ETM have significantly progressed after the feasibility study conducted in 2021 that identified plants that can be due for early retirement and repurposing. To support ETM in the country, ADB and the government of the Philippines engaged in discussions to develop the investment plan under the Climate Investment Fund-Accelerating Coal Transition (CIF-ACT).

CIF allocated a total of \$500 million in support to the Philippines to phase out up to 900 megawatts of existing coal generation capacity by 2027. 95% of this total funding is from loans as only \$25 million is the share of grants. This is expected to significantly add to the outstanding debt portfolio of the country at PHP 16.09 trillion as of the end of November 2024. This is set to pilot in Mindanao, targeting the coal-fired power plant under a build-operate-transfer concession.

Power plants in the Philippines are mostly private-sector owned and the STEAG Power Inc. (SPI) is the only government-owned coal-fired power plant (CFPP). It is a 210 to 232 megawatt (mW) plant located at the PHIVIDEC Industrial Estate at Villanueva, Misamis Oriental. It is also the first CFPP in Mindanao, hence why it is also known as the Mindanao CFPP in various documents and reports. This was built in 2006 through a Build-Operate-Transfer (BOT) deal with the Power Sector Assets and Liabilities Management Corporation (PSALM), which was formerly the National Power Corporation (NPC). SPI's cooperation contract will end on November 15, 2031. At that time, the coal plant will be transferred to PSALM, with a remaining operating life of 15 years.

SPI is majority-owned by AboitizPower. They have been increasing their shares of SPI for several years. AboitizPower owned 34% of SPI in 2007, 69.4% in 2022, and 85% in February 2024. The Steag Power GmbH and La Filipina Uygongco Corporation are minority shareholders. Despite Aboitiz's announcement that it will not undertake any new coal projects, it also does not have plans to phase out coal as mentioned in a report by NGO Forum on ADB in 2024. They have increased their stake in the Mindanao power plant and their coal share in electricity generation in the Philippines is 67%.

In a letter submitted by the NGO Forum on ADB together with PM CJ and other Philippine groups in October 2024, the ADB advisor on ETM and Partnerships shared that they are

undergoing an assessment of the grid impact and repurposing options for the Mindanao CFPP. Given this progress, PM CJ is alarmed that stakeholder engagement remains elusive at this stage. PM CJ's engagement with the residents of San Martin, Villanueva, the host barangay, reveals that there are still no consultations conducted on the ETM implementation and other forms of impact assessment on the ground. Interviews conducted among communities show that they have not been consulted by any government agency or by the local government unit regarding the proposed early phase-out of the said power plant.

Yet another red flag is the questionable incentives offered under the ETM model. Given the BOT power deal of the Mindanao CFPP, the government will be assuming its remaining liabilities by 2031. There is no mention of how the multiple environmental, social, and health impacts of the project will be resolved, including legacy issues related to land allocation and ongoing chronic respiratory diseases, including high incidences of childhood asthma rates. Without a clear framework for remedial action, corporations will be incentivized to retire their coal assets, avoiding investment risks while distancing themselves from accountability for the harms caused by the power plant.

Even the financing arrangements for ETM are tied to loans and conditionalities. While concessional loans provide more flexibility in terms, of interest rates, and repayment schedule, the government is forced to take on more borrowings instead of diversifying its sources of funds to implement measures prescribed by the MDBs. The country's serious debt situation makes it vulnerable to external shocks that can lead to economic instability and stunting growth. ETM subjects the country to long-term debt obligations that impede its very objective to support the country's recovery and long-term goals.

On top of this, keeping options open to convert the coal facility to alternatives shows the risk of having stranded assets and being locked in on carbon-intensive technologies. By extending the operational life of coal plants under modified terms rather than outright decommissioning, the ETM may inadvertently sustain fossil fuel infrastructure longer than necessary, delaying a complete shift to clean energy. This fails to ensure that retiring CFPPs will result in a substantial increase in renewable energy deployment. There is also no transparency and criteria released on the other plants targeted for ETM in the Philippines that constitute the 900 mw goal for phaseout.

Japanese government-backed institutions and private corporations have historically funded coal projects in the Philippines, with major corporations such as Marubeni providing substantial financial support since 1984, and as recently as 2015 to the SEM-Calaca Power Corp. plant in Batangas. As of December 2023, Japan is one of the major five shareholders of the Asian Development Bank (ADB) gaining the largest stake of 15.6% similar to the United States. This amount of shares equates to USD 22.23 billion in capital subscription to ADB making Japan its founding member.

ADB has been operating as a co-financer of energy projects in the form of loans, grants, and technical assistance. In the Philippines, Japan alongside ADB burns down the developing country's energy sector by funding fossil fuel projects opposite to their proclaimed goal of confronting the challenges of the climate crisis. Table 1 and 2 shows the Japanese-funded operating and proposed fossil fuel projects in the Philippines.

Table 1. Japan-funded Coal Plants in the Philippines

JAPAN-FUNDED COAL PLANTS IN THE PHILIPPINES													
Project Name	Join Venture	Japan's Investment / Equity	Other Financiers	Total Capacity	Status	Fuel	Technology	Start Year	EPC	Remarks			
Mindanao STEAG Power Station Unit 1	BOT [1]	USD 91 million by Japan Bank for International Cooperation		116 MW	Operating	coal: bituminous	subcritical	2006		JBIC provided its loan with KfW in 2003. NEXI also provided its insurance.			
Mindanao STEAG Power Station Unit 2				116 MW	Operating		subcritical	2006		Kawaki Industry and Sojiz (both Japanese companies) were also involved in.			
Quezon Power Station Unit 2				528 MW	Operating	coal: subbituminous	subcritical	2019	Mitsubishi				
Sual Power Station Unit 1	Marubeni Corporation Tokyo Electric Power Corporation (TEPCO) Chubu Electric Company	USD 4 billion [2]		647 MW	Operating	coal: bituminous	subcritical	1999	-	TeaM Energy completed turnover on October 25 [3]			
Sual Power Station Unit 2				647 MW	Operating			1999					
Sual Power Station Unit 3				600 MW	Cancelled			-					
Pagbilao Power Station Unit 1	The plant is operated by TeaM Energy, a joint venture of Japanese companies Tokyo Electric Power Company and Marubeni Corporation [4]	USD 250 million in equity from Abotiz Power Corp., Tokyo Electric Power Company (TEPCO), and Marubeni	70% bank loans 30% equity	367.5 MW	Operating	coal: subbituminous	subcritical	1996		Ownership and control would be transferred to Abotiz Power and SMC after BOT's contract expiration [5]			
Pagbilao Power Station Unit 2								USD 750 million BDO, BPI, China Bank, First Metro, PSB, SB Capital			367.5 MW	Operating	1996
Pagbilao Power Station Unit 3								USD 760.13 million of loans provided by BDO, BPI, FMIC, SB, PNB, CBC, and Security Bank			420 MW	Operating	2018
		USD 500 million [6]	ING Group acted as financial adviser										
Masinloc Power Station Unit 1	NA	Export-Import Bank of Japan (1990) USD 1.9 billion of loans provided by SMBC and Mizuho (2021 & 2023) [7]	ADB	330 MW	Operating	coal: bituminous	subcritical	1998	POSCO SMC				
Masinloc Power Station Unit 2				344 MW	Operating	coal: bituminous	subcritical	1999					
Masinloc Power Station Unit 3				351.8 MW	Operating	coal: bituminous	subcritical	2020					
Masinloc Power Station Unit 4				350 MW	Construction	coal: bituminous	supercritical	2025 (planned)					
Masinloc Power Station Unit 5				350 MW	Pre-permit	coal: bituminous	supercritical	2026 (planned)					
Kamanga Power Station Unit 1	NA	USD 280 million deal with JGC Corp. for EPC	BDO, AUB, RCBC, UCPB, PBB, CBS, RBC	105 MW	Operating	coal: subbituminous	subcritical	2016	JGC Corp				
Kamanga Power Station Unit 2				105 MW	Operating	coal: subbituminous	subcritical	2019					
Limay Power Station Unit 1	NA	USD 400 million investment from Bank of Tokyo, Mizuho, MUFG, DBS, Standard Chartered, Siemens, Maybank, Intesa Sanpaolo, CTBC, Bank of Commerce [9]	USD 248 million in equity from San Miguel Corporation	134 MW	Operating	coal: unknown	CFB	2017	Formosa Heavy Industries				
Limay Power Station Unit 2				134 MW	Operating	coal: unknown		2017					
Limay Power Station Unit 3				134 MW	Operating	coal: unknown		2018					
Limay Power Station Unit 4				134 MW	Operating	coal: unknown		2019					
Limay Power Station Unit 5				150 MW	Cancelled	coal: unknown		-					
Limay Power Station Unit 6				150 MW	Cancelled	coal: unknown		-					
Calaca Power Station Unit 1	DMCI Holdings MERALCO	Equity Shares: Marubeni Corporation = 20% DMCI Holdings = 40% MERALCO = 40%	USD 120 million loan from ADB	300 MW	Operating	coal: subbituminous	subcritical	1984	-	Marubeni withdrew its stake in 2019 [10]			
Calaca Power Station Unit 2				300 MW	Operating	coal: subbituminous	subcritical	1995					
Calaca Power Station Unit 3				150 MW	Operating	coal: subbituminous	subcritical	2015					
Calaca Power Station Unit 4				150 MW	Operating	coal: subbituminous	subcritical	2015					
Calaca Power Station Unit 5				350 MW	Shelved	coal: subbituminous	subcritical	-					
Calaca Power Station Unit 6				350 MW	Shelved	coal: subbituminous	subcritical	-					
Puting Bato Power Station Unit 1		Equity Shares: Marubeni = 20% PHINMA Energy = 45% AC Energy = 35%		135 MW	Operating	coal: unknown	subcritical	2015	Marubeni	Marubeni bought a stake after finishing construction			
Puting Bato Power Station Unit 2				135 MW	Operating	coal: unknown	subcritical	2016					
Ingrid Power Plant	NA	Php 114.6 million shares for AXIA Power Holdings Philippines Corp [11]	Php 1.9 billion development by Marubeni Corp [12]	150.7 MW	Operating	Fossil liquids: diesel	Internal combustion	2021	-				

The Philippines currently has 30 coal-fired projects with 66 boiler units operating with a combined capacity of 11.626 gigawatts.

As shown in Table 1, seven Japanese-funded coal plants are operating, with a total combined capacity of 7.572 gigawatts, representing 65.12% of the Philippines' total coal plants' capacity. The Japanese investment in coal projects in the Philippines totals at least USD 7.37 billion.

Table 2. Japan-funded Gas Projects in the Philippines

JAPAN-FUNDED GAS PROJECTS IN THE PHILIPPINES										
Project Name	Join Venture	Japan's Investment / Equity	Other Financiers	Total Capacity	Status	Fuel	Technology	Start Year	EPC	Remarks
Ilijan Power Station Unit 1-1	USD 3.3 billion deal shared by MERALCO, Aboitiz, and SMGP	Development Ownership (BOT): KEPCO = 51% Mitsubishi = 21% JERA = 10% Marubeni = 10% Kyuden = 8% Equity: Team Energy = 20% [1]	UBS AG (Swiss bank) as financial adviser of MGen and Aboitiz [2]	625.5 MW	Operating	fossil gas: natural gas	combined cycle	2002		JBIC provided its loan (up to USD 153 million) for Ilijan gas combined power plant in November 2000. (Co-financing with US-Exim and KEXIM. The total loan amount was USD 255 million)
Ilijan Power Station Unit 1-2				625.5 MW	Operating	fossil gas: natural gas	combined cycle	2002		
Navotas LNG Power Station Unit 1		SMC received financing from MUFG, Mizuho, and SMBC in 2022 [3]	Standard Chartered and Bank of China	541 MW	Pre-construction	fossil gas: LNG	unknown	-		
Navotas LNG Power Station Unit 2				541 MW	Pre-construction	fossil gas: LNG	unknown	-		
Navotas LNG Power Station Unit 3				541 MW	Pre-construction	fossil gas: LNG	unknown	-		
Navotas LNG Power Station Unit 4				541 MW	Pre-construction	fossil gas: LNG	unknown	-		
Navotas LNG Power Station Unit 5				541 MW	Pre-construction	fossil gas: LNG	unknown	-		
Navotas LNG Power Station Unit 6				541 MW	Pre-construction	fossil gas: LNG	unknown	-		
Navotas LNG Power Station Unit 7				541 MW	Pre-construction	fossil gas: LNG	unknown	-		
Navotas LNG Power Station Unit 8				541 MW	Pre-construction	fossil gas: LNG	unknown	-		
Navotas LNG Power Station Unit 9				541 MW	Pre-construction	fossil gas: LNG	unknown	-		
Navotas LNG Power Station Unit 10				541 MW	Pre-construction	fossil gas: LNG	unknown	-		
Navotas LNG Power Station Unit 11				541 MW	Pre-construction	fossil gas: LNG	unknown	-		
Navotas LNG Power Station Unit 12				541 MW	Pre-construction	fossil gas: LNG	unknown	-		
Pagbilao Power Station Unit 4				655 MW	Pre-construction	fossil gas: LNG	combined cycle	2028 (planned)	Possible collaboration with JERA [4]	
Pagbilao Power Station Unit 5				655 MW	Pre-construction	fossil gas: LNG	combined cycle	2028 (planned)		
Sangali LNG Power Station Unit 1				300 MW	Announced	fossil gas: LNG	unknown	-		
FGEN Batangas LNG Terminal	First Gen [80%] Tokyo Gas [20%] [5]	USD 1 billion [6]		-	Proposed	fossil gas: LNG	-	-	-	

Table 2 also shows the Japanese-funded gas projects. The Philippines currently has the Ilijan Combined Cycle Gas Turbine (CCGT) plant operating with a capacity of 1.251 gigawatts. An additional four LNG plants are in the pipeline, with a combined capacity of 8.102 gigawatts. This will bring the total capacity of the 5 LNG plants to 9.353 gigawatts when all the plants are operational. The Japanese investment in LNG projects in the Philippines totals at least 1 billion US dollars.

Expansion and the delays in the transition

The continued operation of the coal plants results in air and water pollution, health problems, and environmental degradation in communities. Table 3 summarizes the coal plant impacts in the Philippines. Coal plants are also major contributors to greenhouse gas emissions, a significant cause of global warming. The Philippines is also vulnerable to the volatility of global coal prices leading to unstable electricity costs. Japanese financing further delays the country's transition to renewables, as financing is tied to coal plants.

Table 3. Coal Plant Impacts in the Philippines

Harm	Description	Impact on the Philippines	Attributed to Japanese Finance
Air Pollution	Coal-fired power plants release large amounts of pollutants, including sulfur dioxide (SO ₂), nitrogen oxides (NO _x), and particulate matter	Contributes to respiratory diseases, smog, and poor air quality	Japan has financed many coal plants that contribute to these emissions.
Greenhouse Gas Emissions	Coal combustion is a major source of carbon dioxide (CO ₂), a key driver of global warming and climate change	Increases the Philippines' carbon footprint and exacerbates climate change	Japan's financing of coal projects has contributed to emissions growth.
Health Problems	Long-term exposure to pollution from coal plants leads to respiratory diseases, cardiovascular problems, and premature deaths	Increased healthcare costs and public health burdens	Health impacts are linked to the operation of coal plants backed by Japan.
Water Pollution and Usage	Coal plants use large amounts of water for cooling, leading to thermal pollution. They also discharge toxic substances into water sources, affecting aquatic life.	Pollutes water sources, harming aquatic ecosystems and local communities dependent on water.	Japanese-backed plants contribute to water quality issues.
Land Degradation and Mining	Coal extraction for power plants often leads to deforestation, soil erosion, and loss of biodiversity	Environmental degradation and displacement of local communities.	Japanese financing has been linked to coal mining practices causing harm
Energy Dependence and Price Volatility	The Philippines has become more reliant on coal as a source of energy, leading to exposure to volatile coal prices on the global market	Energy price volatility leads to unstable electricity costs.	Japan's role in financing coal plants contributes to this dependence
Delayed Transition to Renewables	Investment in coal infrastructure delays the transition to cleaner, renewable energy sources.	Slower adoption of sustainable energy solutions and greater dependence on fossil fuels	Japan's support for coal delays the shift toward renewable energy in the Philippines.

The STEAG State Power Inc. CFPP directly impacts the host barangay San Martin in the town of Villanueva, contributing to air and water pollution. In terms of economic impact, the plant has displaced fisherfolk from their traditional fishing grounds in Macajalar Bay fronting the plant, which the fisherfolk in the area claim are experiencing declining fish catch and forcing them to deeper waters. Another economic factor is that since the establishment of the plant in 2006, it has not resulted in employment opportunities for the residents of San Martin.

History has shown us that Japan actively invested in the energy sector of the Philippines during its prime year since 2000 continuing at the present. The Philippines as one of the most coal-reliant countries in Southeast Asia is one of the results of the Japanese financing institutions' aggressive investments in coal-fired power plants. Despite the effort of the Japan International Cooperation Agency (JICA) to fund under Official Development Assistance (ODA) Loans in 1993 to conduct an Environmental Improvement Project in Calaca Coal-fired Thermal Power Plant Unit 1, the community still faces challenges in health due to air pollution brought by the power plant.

Through a series of loans from ADB and JICA, the Philippines has acquired USD 1 billion which was invested in improving the grid, financing electric cooperatives, and advancing electricity. All are contributing to the prolonging of the life of coal-fired power plants in the country leaving Filipinos indebted for generations contrary to ADB's commitment to achieve a prosperous, inclusive, resilient, and sustainable Asia and the Pacific while sustaining its efforts to eradicate extreme poverty.

These continued Japanese-supported funding mechanisms promoted the expansion of fossil fuels by developing the fossil gas industry in the Philippines. The earliest record of Japan's investment in fossil gas was completing the construction of Ilijan Power Station in 2007 under a Build-to-Transfer contract in consortium with JERA, Marubeni, Korea Electric Power, Mitsubishi Corporation, and Kyushu Electric. At the end of the contract, the acquisition was transferred to TeaM Energy then left to San Miguel Corporation, the largest power generation company in the Philippines, similar status to JERA in Japan.

At the height of the global pandemic, Tokyo Gas and First Gen Corporation completed the first interim offshore liquified natural gas (LNG) terminal in Batangas City. This followed the Japan Bank for International Cooperation (JBIC) workshop on the gas sector in the Philippines attended by the members of the Senate Committee on Energy in 2020. Since the reentry of fossil gas after the completion of a pilot project in Batangas, the Philippine legislators moved for policy reform from learning how the industry works then allowing the development of the country's natural gas industry considering fossil gas as a transition fuel to clean energy. The approved legislation sparked the boom of the fossil gas industry in the country which pushed the private sector to put their investments in fossil gas while having no concrete plans of phasing out coal-fired power plants.

The numbers in the form of years and amount invested in comparison of fossil fuels and renewable energy depict the slow progress and less priority for renewables despite being a true source of clean energy. If the government continues to take this track, this will lead the Philippines to breach the country's effort to shift to renewable energy away from fossil fuels and carbon-intensive projects.

Impacts to the Communities

There is an urgent concern that the STEAG, Inc coal plant will not be retired but instead be converted to a liquified natural gas (LNG) power plant, or even into an ammonia co-firing plant. It is not technologically difficult to convert a coal plant into an ammonia co-firing plant or an LNG plant. Repurposing the STEAG plant translates into a false solution in curbing carbon emissions and will lead to more problems in health and the economy.

LNG plants use methane, a greenhouse gas 80 times more potent than CO₂ in the short term and 30 times worse in the long term. LNG plants spew out carbon monoxide, sulfur dioxide, and volatile organic compounds (VOCs). Studies have shown that these pollutants are associated with various health impacts, including headaches, coughing, dizziness, and other respiratory illnesses. (Source: ICIS) As the communities near these power plants rely on subsistence livelihoods of farming and fishing, converting to LNG will also adversely affect their livelihood.

LNG is also imported into the Philippines, which means that the high costs of importing LNG into the country will affect the economy as well, making the power generation volatile to world market prices. This will put an economic strain on ordinary Filipinos who make up the bulk of electricity users.

The fact that the CIF-ACT is to be funded by loans by the Philippine government, adds to the economic burden of Filipinos. In the case of STEAG, Inc. it will be majority stockholder Aboitiz Power that will financially benefit instead.

Since the inception of the PHIVIDEC Industrial Estate was in 1974, during the Martial Law period under the dictatorship of the late President Ferdinand Marcos, Sr., the residents of the thirteen encompassed barangays of Villanueva and Tagoloan towns were arbitrarily relocated without protest and opposition to give way to the clearing of the 3,000- hectare estate, with no regard to their right to home and livelihood. The residents, whose main livelihood were fishing and farming, were forced away from accessing their traditional fishing grounds and farms, resulting in loss of their livelihood. Residents of some barangays whose areas were not yet cleared enabled them to continue living in the land now located inside the PHIVIDEC estate and continuing with their subsistence farming. These residents were lulled into a false sense of security because they were allegedly promised (verbally) by the PHIVIDEC Industrial Authority

(PIA) that they can continue to temporarily reside and farm there as it has no present need for the area.

But as more local, national, and international corporations became locators (how the lessees are referred to by PIA) entered the estate, the wide open lands were starting to be occupied. This resulted in the PIA starting to relocate residents of some barangays to give way to new locators. It should be noted here that the relocation areas the residents were transferred to are still inside the estate. This means that as more locators come in and new areas need to be developed in the estate, the relocated residents will once again be driven away.

In the case of the STEAG CFCC, the residents were relocated to another part of San Martin, the host barangay. But since a vast portion, if not the whole barangay is located inside the PHIVIDEC estate, the residents still do not have security that their new homes will be permanent, and they may again face eviction in the future. An added burden for the residents is they also face the loss of their livelihood if they will again be relocated farther away..

Given the above conditions, it will be difficult for the ADB to ensure meaningful consultation with the community because the residents will not be able to freely express themselves, for fear that there will be repercussions coming from PHIVIDEC officials if they speak against PHIVIDEC. The residents do not hold land titles to their relocated area, these are owned by PHIVIDEC.

Aligning Investments with Climate Commitments: Japan's Role in the Philippines' Energy Future

We urge the Japanese government, together with its financial institutions and multilateral financial institutions to reconsider their funding strategies and divest from coal projects in the Philippines. Instead, we advocate for grants, donations or support by Japan to take historical responsibility in renewable energy initiatives that align with the Philippines' commitment to a just transition. Our calls include:

- An appeal to the Japanese government for an Immediate cessation of financing for all fossil- fuel projects in the Philippines, such as liquefied natural gas (LNG), ammonia co-firing, biomass fuels as examples, .
- In the planned early phaseout of STEAG State Power, Inc. via ETM, we call on the Japanese government for a more inclusive approach to the retirement of the plant that will also directly benefit the host community economically, and not just the major stakeholders. A stricter mechanism is in a place where the funding will not result in the conversion of the plant to another type of fossil fuel, but instead will be directed to renewable forms of energy.
- Increased support through grants and donations to renewable energy projects to aid the Philippines achieve a 35% renewable share in its energy mix by 2030, and 50% by 2040

- Collaboration with local communities to ensure that energy projects are equitable and beneficial for all.
- Direct consultation and participation of the affected communities in the implementation of the ETM.

PM CJ resolutely believes that a transition away from coal is essential for protecting the Philippines' environment, the health of its people, and its future. We call on Japanese financial institutions to honor their environmental responsibilities through the cessation of their funding of all fossil-fuel and other false solution projects in the Philippines and instead channel their funding to support a renewable and sustainable energy future for the Philippines. The continued financial support of fossil fuel projects will derail the renewable energy transition of the country. Instead, Japan must provide more support to the climate change countermeasures of developing countries.

It is essential to engage stakeholders and highlight the urgent need for change in energy investment strategies to protect the climate and the well-being of Philippine citizens. Together, we can combat climate change and ensure a just and equitable transition to clean energy for the Philippines.