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Global warming has significantly changed the way people do business. Businessmen now have to rethink their priorities and are encouraged to rank sustainability alongside profitability.

Hoping to minimize the threat on trade brought on by global warming, the World Wide Fund for Nature (WWF-Philippines) and the Bank of the Philippine Islands Foundation Inc. recently undertook a study—"Business Risk Assessment and the Management of Climate Change Impacts"—in four key cities (Baguio, Cebu, Davao, and Iloilo) to find out how these urban areas would fare over the next 30 years.

Scoring

The cities have been scored according to their vulnerability to climate change.

"The study was designed to provide relevant shareholders and stakeholders, from the local government units and the private sector, with a practical understanding of governance in such specific vulnerabilities, risks, and opportunities related to climate change," Aurelio Montinola III, president of the Bank of Philippine Islands, says of the study's results.

"The results of the study will be crucial to the development of climate risk adaptation methodologies."

In rating the cities, the researchers applied the three-vector analysis methodology covering climate/environmental exposure, socio-economic sensitivity, and adaptive capacity.

Scenario-building

WWF and BPI also utilized scenario-building exercises to allow participants to process what they already know and have learned to form their own strategic plans.

"Scenario building can help planners and decision-makers understand and deal with the uncertainties that lie before them. Scenario exercises can serve as a 'rehearsal' for communities, giving them an opportunity to anticipate possible futures, as well as points of indication, as they begin to unfold. Good scenarios are relevant, divergent, insightful and plausible," the study states.

After the scenario-building exercises, local stakeholders were asked to choose a list of development drivers "to reveal what they see as the big shifts coming in society, technology, economics, environment and politics (STEEP) factors," according to the study. "They were encouraged to think about what are causing, and driving, these factors and select which might be of particular local importance."

Most of the data used were culled from a 20-year period (1990-2010). WWF-Philippines' vice chair and CEO Jose Ma. Lorenzo Tan presented the results.

Six scenarios

The six scenarios for which businesses need to prepare are based on a study released by WWF in May 2009—"The Coral Triangle and Climate Change: Ecosystems, People and Societies at Risk."

The scenarios are:

Baguio City

Baguio City is said to be the most vulnerable to climate change, with a rating of 7.43 points. Although Baguio City is the smallest (57.49 sq km) among the four cities selected, it has the highest population density at 5668 residents per square kilometer, the report states.

According to records, "Baguio City has the highest rainfall in the country, and climate trends indicate that this is likely to get worse. From a climate point of view, the management of urbanization trends and watersheds, as well as Baguio's population growth, will play major roles in defining the continued viability of this city's economy."

Tan of WWF-Philippines says the city can work on a "long-term development plan that defines a regional role for the city within CAR and Region 1."

"If it is to take the city away from the edge of this climate precipice, all efforts should be made to pursue development of a multi-year plan through a participatory process," Tan adds.

The city's current top main development drivers are politics and governance and infrastructure planning.

Iloilo

The next most vulnerable city is Iloilo. Its main problem is flooding. The study suggests that Iloilo must address this problem immediately so it can make the most of its investments. A city's air, land, and sea transportation have to be accessible to investors and businessmen to improve its economic status.

Typhoons continue to threaten the region.

"Over the last 20 years, more than 40 tropical depressions and storms crossed this area. This represents a significantly higher typhoon exposure than Cebu. In more than one instance, flooding has ensued within portions of the city," the report states.

The city's primary development driver is education followed by poverty.

Cebu

Third on the list is Cebu City with a score of 6.55 points. According to the study, “it is the only city on this list situated in a Type 2 Climate zone, with a relatively pronounced wet season from June to early January.”

Cebu City is surrounded by water, with Mactan Channel in the east, the Subangdaku River in the north, and the Bulacao River in the south… analysis of rainfall in Cebu City over the last 20 years indicates there has been no significant change in mean rainfall.”

In recent months, Cebu City has experienced an increase in flooding in several areas. “(Its) climate patterns indicate high inter-annual variability, with extreme weather events at both ends of the wet-dry spectrum.”

Tan notes that Cebu City can take advantage of its location to improve its shipping industry, which will be most helpful to local businesses.

Cebu City’s primary development drivers are good governance and political will. Its secondary driver is water resource management.

Davao

Of the four cities studied, Davao City rated last with 5.6 points. Davao is situated at the southern coastline of Mindanao on coastal plains and valleys. While the city is at the “typhoon-free zone,” it has to prepare for “an increase in temperature coupled with pronounced periods of decreased rainfall.”

The study says that the city’s labor pool has expanded to 1,851,000 individuals in 2009 from 434,000 in 1995. The unemployment rate in the city has dropped from 8.3 percent. However, the study also reveals that the workforce is higher that its own population. Tan warned of migration which could affect the city’s population density.

Davao lists governance and agriculture as its two top development drivers.

Next four cities

Montinola says that they are now looking at studying the cities of Laoag and Dagupan in Luzon, Zamboanga City and Cagayan de Oro in Mindanao.

“Hopefully, we will be able to cover more communities in the next 2 to 3 years,” he adds.

“We hope that this [serves as] a wake-up call for businesses in particular industries within those cities,” says lawyer Angela Ibay, head of the climate change and energy program of the WWF.

Ibay says that businessmen can now take a second look at how they conduct businesses in their respective localities. They can reinvent, shift, or improve on what they’ve already done.

“We didn’t look at specifics, but looked at city per se and what is the economic activity that revolves around the city, and see if this is going to be… viable in the years to come from the climate perspective,” she says.

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“It’s a matter of getting those businessmen and LGUs to link up and really construct how they want the city to be in years to come.”