



Sharpening and fine tuning our fiscal tools for sustainable and resilient growth

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**The Role of Infrastructure Financing and ESG Activities by
Capital Markets to Promote Sustainable Growth**
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Building climate-smart and climate-resilient infrastructure



Our Medium-Term Fiscal Framework (MTFF) seeks to achieve the following objectives:



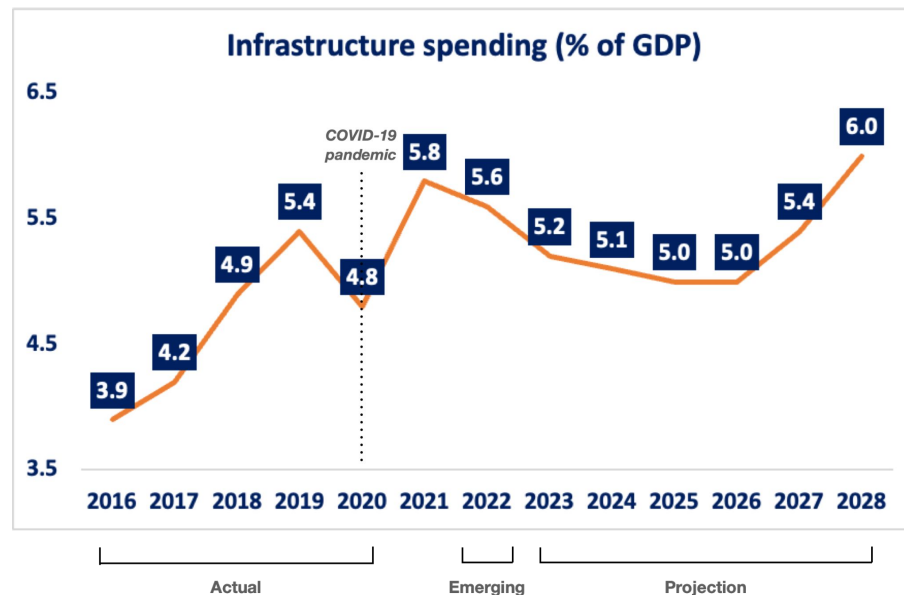
Bring down debt-to-GDP ratio to less than 60 percent by 2025



Reduce deficit-to-GDP ratio to 3.0 percent by 2028

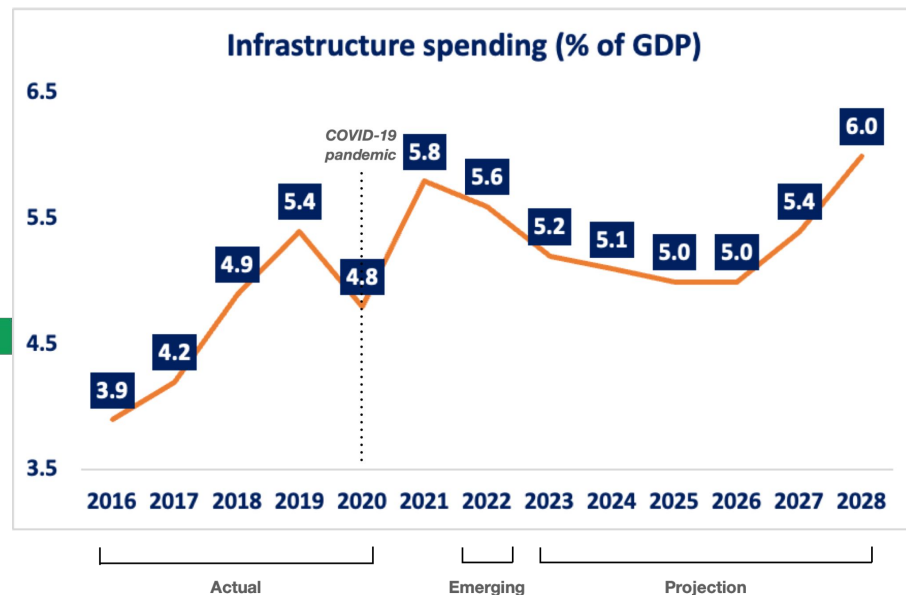


Maintain high investment in infrastructure at 5 to 6 percent of GDP annually

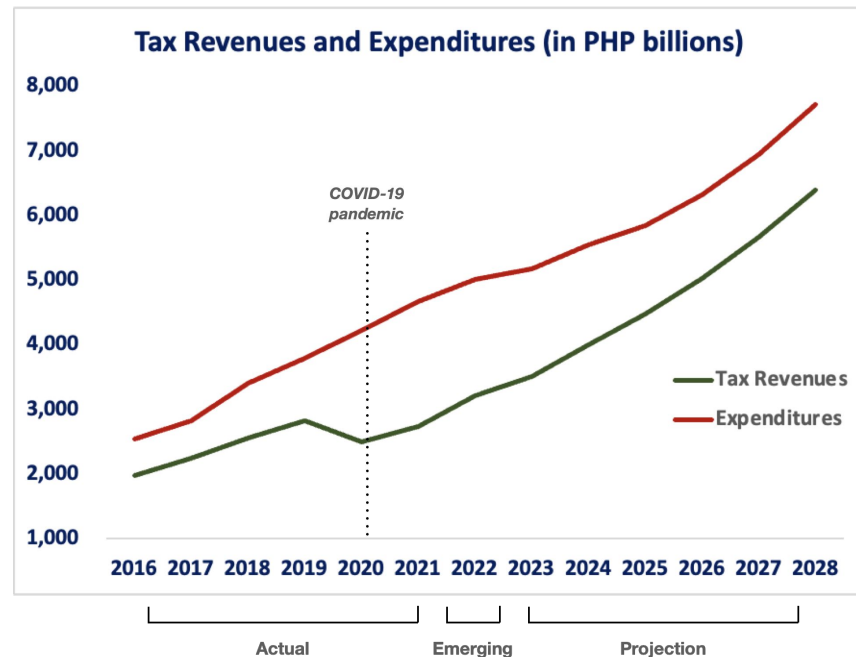
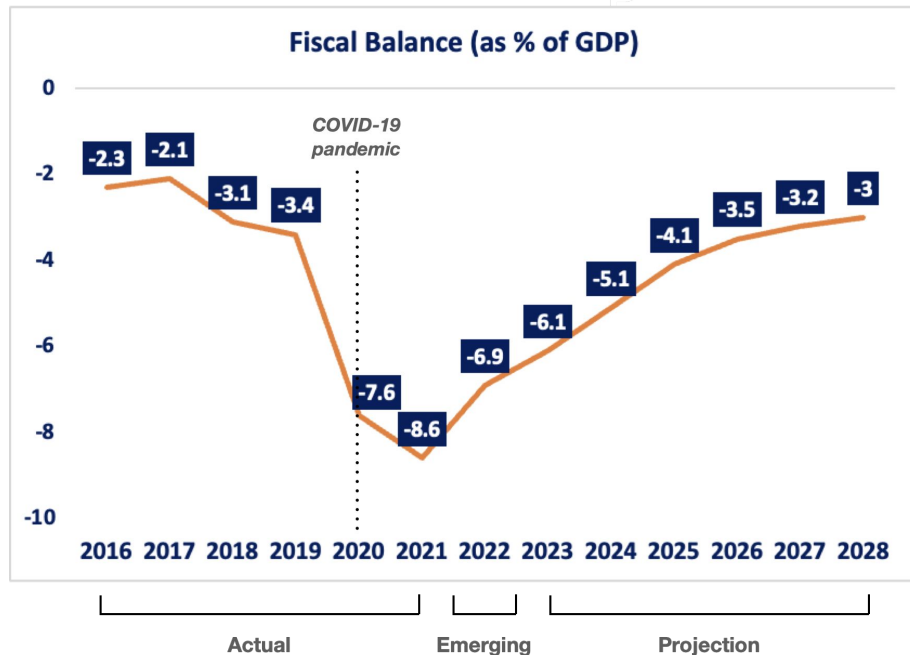


Sources: National Economic and Development Authority (NEDA), Department of Finance (DOF), Department of Budget and Management (DBM), and Philippine Statistics Authority (PSA)

Building climate-smart and climate-resilient infrastructure



The unprecedented scale of crucial spending during the pandemic, at a time when revenues were down, widened the fiscal deficit.



Promotion of innovative financing tools like sustainable finance could support robust economic growth

- Support the development or redevelopment of infrastructure to build back better;
- Advance climate adaptation and mitigation initiatives;
- Enhance capacity for disaster response and recovery; and
- Reduce social risks and vulnerabilities.



Promotion of innovative financing tools like sustainable finance could support robust economic growth



Sustainable Finance Framework Republic of Philippines

November 2021



The Framework sets out how the Republic intends to raise green, social, or sustainability bonds, and other debt instruments in the international capital markets.

As of January 2023, a combined total of USD3 billion of 25-year Sustainability Global Notes and JPY70.1 billion of Sustainability Samurai Bonds have been issued under the Framework.

Promising developments in fostering an environment conducive to sustainable finance

Three phases of regulations to strengthen the financial system against climate-related risks and promote sustainability:

1 Sustainable Finance Framework

2 Environmental and Social Risk Management Framework

3 Guidelines on the Integration of Sustainability Principles in the Investment Activities of Banks



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Updates:

- Majority of the banks have already submitted their transition plans to the BSP.
- A number of large banks in the Philippines have already released their Sustainable Finance Frameworks and have started issuing sustainable finance-related financial instruments.



Philippine National Bank

- Some smaller banks experienced challenges in complying with the guidelines. Hence, increasing awareness and building capacity of said banks are top priorities for the BSP.

Note: Banks were given a three-year transition period until May 2023.

Policy considerations as a way forward:

1

Centralized data collection system to track sustainable finance flows from both public and private sectors



3

Increasing public and stakeholder awareness on sustainable development and sustainable finance



2

Sustainable pipeline database and sustainability index



4

Promotion of investments towards climate adaptation, mitigation, and also transition finance





**As we strive to build back better
towards a sustainable future for
our people, we are open in
adapting innovative strategies,
like leveraging on
sustainable finance, to aid in
building a more climate-smart
and climate-resilient Philippines.**