WEBINAR INVITATION

Green Social Sustainable Bonds Series 3: Role of Financial Institutions in Supporting Sustainable Development

Monday, 24 May 2021
1:00pm to 3:30pm (Manila time)
OPENING REMARKS

Ms. Chuchi G. Fonacier
Deputy Governor
Bangko Sentral ng Pilipinas
KEYNOTE SPEECH:
Development of ASEAN Taxonomy for Sustainable Finance and its Implication for Financial Institutions

Mr. Eugene Wong
Chief Executive Officer
Sustainable Finance Institute Asia
Green, Social, Sustainable Bonds Series 3: Role of Financial Institutions in Supporting Sustainable Development

Integrating ESG in Financial Institutions’ Operations: Sustainable Finance Framework
I. Is the banking industry ready for the issuance of the Sustainable Finance (SF) Framework?

II. What are the key expectations under the SF Framework?

III. How to operationalize the SF Principles?

IV. What are the BSP initiatives to enhance adoption of SF and ESRMS in the banking industry?

V. What is the Sustainable Central Banking Program?
IS THE BANKING INDUSTRY READY FOR THE SUSTAINABLE FINANCE (SF) FRAMEWORK?

- Awareness campaign
  ![Image of people discussing sustainability]  
  Source: 1Arraba1Euro.org

- BSP-IFC Sustainable Finance and ESRM baseline survey
  ![Pie chart and bar chart comparing familiarity and experience with ESRM practices]  
  Source: Environmental and Social Risk Management Survey of Philippine FIs, May-June 2014, Manila.

- Regulatory Framework
  - Proportionality Principle
  - Enforcement
  - Engagement with BSFIs
  - Surveillance Activities/Reporting
  - Credit
  - Operational
  - Market, etc.
  - Fit and proper rule
  - Tone from the top
  - Risk governance
  ![Diagram showing regulatory framework with milestones]
WHAT ARE THE KEY EXPECTATIONS UNDER THE SF FRAMEWORK?

3-year Transitory Period
Banks to develop a Transition Plan to integrate sustainability principles

Phased Issuance of SF Regulations
Phase 1: SF Framework
Phase 2: granular expectations
Phase 3: potential incentives

Economic transmission channels
Microeconomy
- Businesses
  - Property damage
  - Business disruption
- Households
  - Loss of income from weather disruption
  - Property damage from severe weather

Financial Risks
- Credit Risk
  - Default by business and households
  - Collateral depression
- Market Risk
  - Repricing of assets, fixed income, commodities, etc.
- Underwriting Risk
  - Increased insured losses
  - Increased insurance gap
- Operational Risk
  - Supply chain disruption
  - Retrench facility closure
- Liquidity Risk
  - Increased demand for liquidity
  - Refinancing risk

Adoption of Environmental and Social Risk Management System
- Level of E&S risk appetite
- Guidance on assessing E&S risks
- Tools to identify, measure and monitor E&S risks
- Measures to be taken in cases of breaches of E&S limits or thresholds and non-compliance
- Integration of E&S risks in stress testing exercises

Role of Board and Senior Management
- Company Culture
- Accountability
- Transparency to Stakeholders

Source: Adapted from NGOs (2019)
Proposed Guidelines on the Integration of E&S Risks in Credit Risk and Operational Risk Management Frameworks

- **Governance:**
  Enhance the duties and responsibilities of the Board and Senior Management in institutionalizing sustainability principles and ESRMS

- **Credit Risk Management:**
  Embed E&S risk in the risk management system concerning the credit-risk taking activities of banks

- **Operational Risk Management:**
  Embed E&S risk in managing the operational risks inherent in all the activities, products and services of banks.

- **2-year transitory period**
What are the BSP’s initiatives to enhance adoption of SF and ESRMS in the banking industry?

Continuous Capacity Building with Industry and Development Partners

Climate Stress-Testing Exercise

Pilot Testing of Analytical Framework to Integrate Climate Risks into Bank’s Internal Risk Models

A Collaboration of:

- BSP
- WWF – Philippines
- World Bank
- Philippine Banking Industry (volunteer banks)
**What is the Sustainable Central Banking Program?**

**Existing Green Initiatives:**

- **Monetary Policy:** Climate and disaster-related data in policy analysis, forecasting, monitoring and risk assessment
- **Financial Stability:** Regulations on Corporate and risk governance, regulatory reliefs to banks; Sustainable Finance Framework for BSFIs
- **Reserve Management:** Participation in Green Bond Fund launched by the BIS
- **Building Management:** BERDE Certification
- **Operations:** No to Single-Use Plastic Policy, MB Paperlite Facility; iHRIS
- **BSP Membership in the Central Bank and Supervisors Network for Greening the Financial System**

**Sustainable Central Banking Strategic Program:**

- **Phase 1:** Awareness-Building for Top and Mid-Level BSP Officers
- **Phase 2:**
  - A. Climate and Environmental Risk Vulnerability Assessment of BSP Offices/Branches
  - B. Self-Assessment Exercise (gap analysis)
- **Phase 3:** Development of the BSP Sustainable Central Banking Roadmap

**Source:** access-information.com
HOW SHOULD FI’S SUPPORT THE SUSTAINABLE DEVELOPMENT AGENDA?
Thank You!
INTEGRATING ESG IN FINANCIAL INSTITUTIONS OPERATIONS:

Putting Regulatory Expectations into Practice

Ms. Marita Socorro D. Gayares
Senior Vice President and Chief Risk Officer
Bank of the Philippine Islands
Integrating ESG in Financial Institutions’ Operations: Putting Regulatory Expectations into Practice

Marita Socorro Gayares, BPI Chief Risk Officer | 24 May 2021

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Integrating ESG in Financial Institutions’ Operations: Putting Regulatory Expectations into Practice

- The Case for Sustainability
- Sustainability Opportunities and Value Creation
- BPI’s Sustainability Journey Map
- Updating our Sustainability Agenda
- Responsible Banking
- Responsible Operations
- Sustainability Highlights
- Looking Ahead
The Case for Sustainability

- **Climate Change Risk**
  - Companies increasingly recognize the risks and opportunities linked to proactively addressing climate risks

- **Emerging Customer Demands**
  - Growing demands of customers for ESG-aligned products and services and ESG accountability from companies
  - ESG ratings and disclosures beginning to take more importance for investors in their portfolio management

- **Regulatory Pressure**
  - Increasing number of countries incorporating ESG requirements into their regulations

- **Media Attention**
  - Widening media attention, from traditional to social media, on sustainability performance among banks

- **Employee Engagement**
  - Increased focus on purpose among bank employees

GLOBAL TRENDS ON SUSTAINABILITY

Environmental, Social, and Governance (ESG) trends are driving global organizations, including the banking sector, to prioritize sustainability.

- 2020 Risk Outlook, World Economic Forum
Sustainability Opportunities and Value Creation

OPPORTUNITIES

▪ New business opportunities and diversified financing options arise from a new understanding of the market
▪ Stronger, more resilient bank through improved understanding and management of sustainability issues
▪ Bank more highly rated and valued
▪ Improved reputation, credibility, and recognition of the brand
▪ Increased motivation and retention as employees will react positively to the opportunity to weave environmental and social dimensions into their work
▪ Preparedness for regulatory and policy adjustments
▪ Operational efficiencies and cost reduction through-in-house application of sustainability projects


BPI’s Sustainability Journey

2008
- First Sustainability Report published
- Sustainable Energy Finance team established in partnership with IFC

2010
- Start of the BPI-WWF Business Risk Assessment for Climate Change (16 City) Study, concluded in 2014

2013
- Sustainability Office established,
- Pilot for solar powered branches
- Transition of branches and offices to LED lights and inverter type air conditioner

2016
- Launch of BPI Direct BanKo
- BPI Head Office Energy Audit
- ORM Risk Reduction through REDAS initiative

2014
- Sustainability Report published
- Sustainability Strategy Framework based on Creating Shared Value

2018
- Published first <IR> Integrated Report; Report articulated BPI’s contributions to the achievement of the UN SDGs.

2019
- Ayala Sustainability Blueprint – BPI is champion for SDG 8
- Established Green Finance Framework; 2 Green Bond issuances
- Launch of the Sustainable Development Finance Program

2020
- Established the Sustainable Funding Framework
- Issuance of COVID Action Response (CARE) Bond (an ASEAN Social Bond)
BPI Sustainability Agenda

In 2020, the Board approved the BPI Sustainability Agenda on the integration of sustainability principles in the corporate governance and risk management frameworks, as well as in the strategic objectives and operations.

ESG Policy Statement

We are committed to Responsible Banking. This means incorporating Environment, Social, and Governance (ESG) principles into how we conduct our business – how we resource, the products and services we offer, the customers we serve, and how we add value to our various stakeholders.

Our governance is focused on the allocation of resources in a manner that promotes financial inclusion, the preservation of the environment, sustainability, and social good.
The Executive Committee of the Board of Directors has overall responsibility for sustainability-related issues, policies, targets, including the integration of sustainability principles, environmental and social risks (such as climate change and human rights) in the strategic direction of the Bank.

The Risk Management Committee of the Board has overall responsibility of the Bank’s Environmental & Social Risk Management within the ERM framework.

The Sustainability Council, chaired by the Chief Sustainability Officer, is the senior management-level committee in charge of implementing the Sustainability Agenda of the Bank and reports to the Executive Committee.
BPI Sustainability Agenda: Responsible Banking

Financial Inclusion

Banking the underbanked

Protecting assets through microinsurance

Access to financial services

Increasing purchasing power

Financial education and management

BPI ensures that Filipinos have access to financial products and services. We have expanded financial access to Filipinos, especially the underbanked through credit, savings, insurance, financial education, and growing our digital touchpoints. We are continuously working to reach out to underserved segments, ensuring their access to useful and affordable financial products and services that are delivered in a sustainable way.

expanded access to 25% of the underbanked population of the Philippines

98,000+ InsuranceKo Accident and Calamity Assist (non-life insurance for BPI BanKo clients)

2.68 million unique BPI Online and BPI Mobile App users

3.04 million BPI Prepaid Card transactions

11,000 BPI AMTC Spotify podcast series, Investment Insights listeners with 43,365 plays
BPI Sustainability Agenda: Responsible Banking

Financial Inclusion

Financing Sustainable Development

SDGS TARGETED UNDER THE BPI SUSTAINABLE FUNDING FRAMEWORK

1. Clean Water and Sanitation
2. Affordable and Clean Energy
3. Decent Work and Economic Growth
4. Industry, Innovation and Infrastructure
5. Reduced Inequalities
6. Sustainable Cities and Communities
7. Responsible Consumption and Production
8. Climate Action

ELIGIBLE GREEN PROJECTS

- Renewable Energy
- Sustainable Water & Wastewater Management
- Energy Efficiency
- Pollution Prevention & Control
- Green Buildings

ELIGIBLE SOCIAL PROJECTS

- Micro, Small, and Medium Enterprise (MSME) Lending

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2019

- established the **Green Finance Framework** aimed at funding **environmental projects**. This is certified by leading independent ESG firm Sustainalytics as “robust, transparent and in alignment with market practices,” Green Bond Principles 2018, Green Loan Principles, and the ASEAN Green Bond Standards.

- issued two green bonds including the **first CHF-denominated, negative-yielding green bond and is the first to be issued out of the Philippines, and the first rated USD Philippine green bond in the international markets.**

2020

- launched its **Sustainable Funding Framework** expanding its Green Finance Framework. The updated scope highlights the inclusion of projects which address social issues, in addition to initiatives with clear environmental benefits, as aligned with the SDGs.

- Issued the **COVID Action Response (CARE) Bonds**, the country’s first peso-denominated social bonds issued as a direct response to the COVID-19 pandemic aimed to raise funds to support the recovery of micro, small and medium enterprises (MSMEs). As of 2020, 100% of the net proceeds of the CARE Bonds have been fully allocated to 3,225 eligible MSMEs with 9,175 loan accounts.
## BPI Sustainability Agenda: Responsible Banking

<table>
<thead>
<tr>
<th>Financial Inclusion</th>
<th>Financing Sustainable Development</th>
<th>Supporting Nation Building</th>
</tr>
</thead>
<tbody>
<tr>
<td>BPI continues to operate even under the most difficult of circumstances, mobilizing funds towards productive uses to ensure that the economy continues to function.</td>
<td><strong>Serving overseas Filipinos</strong>&lt;br&gt;<strong>Protection against uncertainties</strong>&lt;br&gt;<strong>Scaling up enterprises</strong>&lt;br&gt;<strong>Robust support systems</strong>&lt;br&gt;<strong>Maximizing capital resources</strong></td>
<td>Over 37,000 Pamana Padala accounts and 4,800 Pamana Moneyger accounts in 2020&lt;br&gt;P239 billion total sum assured across under BPI-Philam&lt;br&gt;disbursed up to Php 58.37 billion to more than 111,000 SME clients of Business Banking in 2020&lt;br&gt;68.6 million transactions of over 20,000 unique users amounting to over Php 4 trillion via BizLink&lt;br&gt;Php 1.42 trillion total capitalization loaned from BPI to date</td>
</tr>
</tbody>
</table>
We keep track of our environmental impacts in all places of business and encourage our clients, suppliers, and partners to do the same, with the aim of reducing negative environmental impact of our activities and to become more cost-effective.

Part of our monitoring includes gathering data on energy and water consumption, and calculating the equivalent carbon emissions of branches, head offices, and business centers nationwide, consolidated per geographical business area. BPI continually explores technological innovations that could reduce resource consumption and improve our environmental tracking systems.

<table>
<thead>
<tr>
<th>ENVIRONMENTAL FOOTPRINT</th>
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<tbody>
<tr>
<td></td>
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<tr>
<td><strong>2018</strong></td>
</tr>
<tr>
<td>Electricity Consumption (gigajoules)</td>
</tr>
<tr>
<td>Scope 2 GHG Emissions (tonnes CO₂e)</td>
</tr>
<tr>
<td>Water Consumption (cubic meters)</td>
</tr>
</tbody>
</table>
In light of the COVID-19 pandemic, the Bank implemented the following measures:

- Updated working guidelines (skeletal staffing, work from home arrangements, split operations, transportation services, and special allowances)
- Deployed additional work tools for employees who work from home
- Strict health and safety measures (thermal screening, face masks, physical distancing, workplace disinfection, COVID-19 testing)

The Bank, through its social development arm BPI Foundation, is committed to enable underserved communities with financial knowledge and access to spur responsible, and sustainable growth and progress for Filipinos through programs that are aligned with its key advocacies: Financial Wellness; Sustainable Positive Change; and Bayanihan.
Integrating ESG in Financial Institutions’ Operations: Putting Regulatory Expectations into Practice

Marita Socorro Gayares, BPI Chief Risk Officer | 24 May 2021
ROLES OF FINANCIAL INSTITUTIONS IN FINANCING GREEN INFRASTRUCTURE IN THE PHILIPPINES

Mr. Cedric Rimaud, ASEAN Program Manager
Ms. Nabilla Gunawan, ASEAN Program Analyst

Climate Bonds Initiative (CBI)
Philippines: 3rd Largest Green Bond Issuer in the ASEAN

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Amount</th>
<th>Issue date</th>
<th>Issuer type</th>
<th>Use of proceeds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manila Water Company Inc.</td>
<td>USD500m</td>
<td>Jul-20</td>
<td>Non-Financial Corp.</td>
<td>Water</td>
</tr>
<tr>
<td>Ayala Corporation (AC Energy Finance Int'l)</td>
<td>USD60m</td>
<td>Jun-20</td>
<td>Non-Financial Corp.</td>
<td>Energy</td>
</tr>
<tr>
<td>Arthaland</td>
<td>PHP3bn (USD61.8m)</td>
<td>Feb-20</td>
<td>Non-Financial Corp.</td>
<td>Buildings</td>
</tr>
</tbody>
</table>

- Issued the very first green bond in ASEAN
- First CHF-denominated, offshore green bond, negative yield
- Issuers are dominated by financial (banks), and non-financial corporates

USD 2.9bn  
Total green bonds (2020)

14  
Green bonds issuance
Green Infrastructure presents a huge investment and growth opportunities globally.

- **USD 3.1tn**: ASEAN infrastructure investment required until 2030
- **USD 100tn**: Climate compatible infrastructure required by 2030
- **USD 92bn**: ASEAN infrastructure funding gap per year until 2030
Methodology

- Renewable energy
- Low carbon transport
- Sustainable water management
- Sustainable waste management
Renewable Energy

Eligible projects and assets

Solar electricity generation facilities

Wholly dedicated transmission infrastructure and other supporting infrastructure for solar electricity generation facilities including inverters, transformers, energy storage systems and control systems

Solar thermal facilities such as solar hot water systems

If there is fossil fuel back-up generation, then the back-up must account for less than 15% of the total energy produced by the facilities

Eligible projects and assets

The development, construction and operation of wind farms

Operational production or manufacturing facilities wholly dedicated to wind energy development

Wholly dedicated transmission infrastructure for wind farms

Eligible projects and assets

New and existing geothermal projects with direct emissions of less than 100gCO2/kWh

Geothermal projects with mitigation technologies that will render the non-condensable gas releases to the atmosphere negligible

Geothermal projects that have been reviewed and registered under the Clean Development Mechanism
**Proponent:** AP Renewables Corporation  
**Location:** Province of Albay  
**Status:** Under construction. Most of the plant is complete and operational; however, there is an expansion under construction.  
**Classification:** Generation facility, geothermal, energy  
**Description:** The Tiwi-MakBan Geothermal Complex is one of the biggest geothermal facilities in the country and the region. Currently, the complex has a total capacity of 458 MW at the MakBan geothermal site in the provinces of Batangas and Laguna, and 289 MW at the Tiwi geothermal site in Albay, in the Bicol Region. 

The expansion seeks to drill 12 new production wells over a six-year period to increase steam availability for the power plant facilities by about 20%. Over the period of 1979-2003, it is estimated that power generated from existing geothermal plants displaced 152.6 million barrels of oil, saving the country an estimated USD3.21bn in terms of foreign exchange.

**Cost:** PHP10.7bn (USD220.4m)  
**Financial structure:** Green bond (USD225m green bond, in 2018, supported by the ADB)
Other Renewable Energy Projects

**Wind farm in the archipelagic province of Aklan:** Nabas 2 wind project[^1]

**Proprietor:** PetroVind Energy, subsidiary of Petro Energy Resources Corporation (PERC)

**Location:** Nabas, Aklan Province

**Status:** Planned

**Classification:** Generation facility, wind, energy

**Description:** The project would expand the 36-MW wind farm by 14 MW. The expansion of the 14-MW Nabas 2 will involve seven turbines. Nabas 2 is planned to be ready for connection to the grid by early 2021.

**Output:** An increased capacity for a reliable renewable energy power supply. The wind farm will supply energy to the Negros-Panay-Cebu grid project by the National Grid Corporation of the Philippines.

**Solar farm in Zambia:** GIGASOL3 Solar Power Project[^2]

**Proprietor:** GIGASOL3, Inc.

**Location:** Paleisig, Zambia

**Status:** Under construction (to be completed on Q1 2021)

**Classification:** Generation Facility, Solar Energy

**Description:** GIGASOL3 Solar Power Plant is a greenfield project developed by AC Energy located in the Municipality of Paleisig, Province of Zambia. Covering a 58-hectare Comprehensive Agrarian Reform Program (CARP)-exempted land in an industrial zone, the project will be connected to the Luzon Grid through the existing 69-kV Bolvan-Candalaria Transmission Line maintained by the National Grid Corporation of the Philippines.

**Output:** The project can power more than 30,000 houses and can reduce annual carbon emission by approximately 56,000 MT CO₂.

**Cost:** PHP 2.5bn (USD 51.5m)

**Financial structure:** All-Equity Financing

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**Hydropower**

<table>
<thead>
<tr>
<th>Project</th>
<th>Cost</th>
<th>Status</th>
<th>Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bakun A/B and C Hydroelectric Power Plant</td>
<td>USD 83m</td>
<td>Operational</td>
<td>Potentially green</td>
</tr>
<tr>
<td>Benguet Province Mini Hydroelectric Power Plant</td>
<td>USD 22m</td>
<td>Completed</td>
<td>Potentially green</td>
</tr>
<tr>
<td>Binga Hydroelectric Plant</td>
<td>USD 143m</td>
<td>Completed</td>
<td>Potentially green</td>
</tr>
</tbody>
</table>

- **Star Energy Corporation from Indonesia, issued 3x**
- **Most geothermal projects would qualify as green.**
### Eligibility Criteria

<table>
<thead>
<tr>
<th>Eligibility</th>
<th>Criteria</th>
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</thead>
</table>
| Private light-duty and heavy goods vehicles      | • Per p-km or per t-km emissions of the vehicles lower than appropriate threshold  
• Full electric and hybrid vehicles automatically qualify |
| Public passenger transport                        | • All infrastructure, infrastructure upgrades, rolling stock and vehicles for **electrified** public transport automatically qualify, including electrified rail, and trams  
• For fossil fuel or hybrid vehicles or rolling stock, the project qualify if per p-km emissions are below appropriate threshold (depends on load factor) |
| Dedicated freight railway lines                  | • All infrastructure, infrastructure upgrades and rolling stock for electrified freight rail lines automatically qualify  
• Non-electrified projects, products or supporting infrastructure qualify if per t-km emissions are below appropriate threshold  
• Dedicated freight lines for fossil fuel transport excluded |
| Supporting Infrastructure                        | • All supporting infrastructure qualifies if it contributes to achieving the emissions threshold |
Major Metro upgrade in Manila: **MRT-11 Project**

**Proponent:** Department of Transportation  
**Location:** National Capital Region (NCR)  
**Status:** Planned  
**Classification:** Railway, low-carbon transportation  

**Description:** The project involves the construction of an approximately 18 km Metro Railway Transit System (MRTS) of elevated structure starting from Epifanio Delos Santos Avenue (EDSA), Balintawak in Quezon City traversing along Quirino Highway, Novaliches and Zabarte Road in North Caloocan City up to Barangay Gaya-gaya in San Jose del Monte, Bulacan.

A passenger transfer facility shall also be provided proximate to the EDSA-Balintawak station of LRT Line 1 and the MRT 11 Balintawak station.

**Output:** Reduced traffic congestion from usage of private vehicles, reduced air pollution, and overall increased efficiency of travelling.\(^{261}\)

**Cost:** PHP71.1bn (USD1.45bn)  
**Financial structure:** Potentially funded by Official Development Assistance (ODA) and Public-Private Partnerships (PPPs)\(^{262}\)
Other Low Carbon Transport Projects

Light rail extension in Manila: **Manila LRT Line 1 Cavite Extension and Maintenance**

- **Proponent:** Light Rail Manila Corporation
- **Location:** National Capital Region, Metro Manila Region
- **Status:** Planned (construction begins 2021)
- **Classification:** Railway, low-carbon transportation
- **Description:** The LRT Line 1 was the first metro line of the Manila LRT system. The project will connect the existing 20.7 km line serving Metro Manila in the Philippines by approximately 11.7 km. The proposed project will extend the existing line from Bacoor to Bacoor City in Cavite Province.

- **Output:** Ease the traffic congestion in the Parañaque-Las Pinas-Cavite corridor, improving commuting efficiency, and carry more than 1 million passengers per day.
- **Cost:** PHP 64.98bn (USD 1.34bn)

Automatic Fare Collection System for Metro and Light Rail: **Automatic Fare Collection System**

- **Proponent:** Department of Transportation (DOTr)
- **Location:** National Capital Region
- **Status:** Completed
- **Classification:** Railway, low-carbon transportation
- **Description:** The project involved the decommissioning of the previous magnetic-based ticketing system and replacing the same with contactless-based smart card technology called the Beep Card™ on LRT Line 1 and 2 and MRT Line 3, with the introduction of a centralized back office that will perform apportionment of revenues. The private sector operates and maintains the fare collection system.

- **Output:** Increase the convenience, efficiency, and accessibility of these public transport modes to people.
- **Cost:** PHP 172bn (USD 35.43bn)

**Financial structure:** PPP (Consortium of Metro Pacific Light Rail Corporation and Holdings), 32-year concession and Catic Assistance by the Japan International CO.
Eligible project & assets

Built water infrastructure projects and assets

**Mitigation Component**
- Water is strongly linked to carbon emissions
- Water moved long distances or from deep underground, which is energy intensive
- Water treatment is especially ‘thirsty’ for energy

**Climate mitigation:** eligible if either:
- a. No emissions impact is expected
- b. Emissions impact is expected, and the issuer has estimated the GHG mitigation impacts that will be delivered over the operational lifetime of the project or asset. This impact should be defined in terms of the decreased emissions or increased sequestration relative to a business-as-usual baseline.

**Adaptation & Resilience Component**
- Climate change presents significant challenges for water management
- Water quality, quantity, and availability will be changing for decades to come and there is much uncertainty about these changes

**Climate resilience**
Issuers must have carried out a sufficient vulnerability assessment, and if necessary, prepared an appropriate management response plan to any climate risks identified therein. The Water Criteria contain a scorecard to check this.
Water supply in Central Luzon: **Bulacan Bulk Water Supply Project**

**Proponent:** San Miguel Holdings Corp. and Korea Water Resources Corporation

**Location:** Central Luzon

**Status:** Completed (April 2019)

**Classification:** Water treatment and distribution

**Description:** The project included the construction of various components, such as a water treatment plant - complete with support buildings and structures, treated water reservoir, including Sludge Treatment Facility and, raw and Treated Water conveyance facilities complete with necessary appurtenances.

The private partner will undertake the financing, detailed design and construction, and maintenance of conveyance facilities, treatment facilities and water source.

**Output:** This project provides millions of residents from 24 localities in Bulacan fresh, and potable surface water, to meet the needs from growing population, industry, agriculture, and environment in the area.

**Cost:** PHP24.41bn (USD502.8m)

**Financial structure:** PPP (Build-Operate-Transfer)
# Project Proponent: K-Water has issued a Green Bond

<table>
<thead>
<tr>
<th>Korea Water Resources Corp</th>
<th></th>
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<tbody>
<tr>
<td><strong>Issue date:</strong> 15-May-2018</td>
<td><strong>Maturity date:</strong> 15-May-2023</td>
</tr>
<tr>
<td><strong>Issuer Name</strong></td>
<td><strong>Amount Issued</strong></td>
</tr>
<tr>
<td>K-Water</td>
<td>USD300m</td>
</tr>
<tr>
<td><strong>Country of risk</strong></td>
<td><strong>CBI Database</strong></td>
</tr>
<tr>
<td>South Korea</td>
<td></td>
</tr>
<tr>
<td><strong>Issuer Type</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td><strong>Bond Type</strong></td>
</tr>
<tr>
<td>Government-Backed Entity</td>
<td></td>
</tr>
<tr>
<td><strong>Green Bond Framework</strong></td>
<td><strong>Second party opinion</strong></td>
</tr>
<tr>
<td>Link to Framework</td>
<td></td>
</tr>
<tr>
<td><strong>Certification Standard</strong></td>
<td><strong>Assurance report</strong></td>
</tr>
<tr>
<td>Not certified</td>
<td></td>
</tr>
<tr>
<td><strong>Certification Verifier</strong></td>
<td><strong>Green bond rating</strong></td>
</tr>
<tr>
<td>N/A</td>
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</tbody>
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## Sustainable Waste Management

### Energy from Waste (outside the EU only)

<table>
<thead>
<tr>
<th>Assets covered</th>
<th>Eligibility Criteria</th>
</tr>
</thead>
</table>
| Facilities which produce power and/or heat/cooling by the thermal processing of residual waste, including rejects from recycling/composting/AD | For EfW facilities outside the EU only:  
  - Plant efficiency $\geq 25\%$; AND  
  - Bottom ash recovery; AND  
  - $\geq 90\%$ recovery of metal from ash; AND  
  - Average carbon intensity of electricity and/or heat over the life of the plant $\leq$ waste management allowance; AND  
  - The capacity of the plant does not exceed the calculated residual waste at any time in the plant’s life.  
  *EfW facilities within the EU are not eligible for certification.* |

### Landfill Gas Recovery

<table>
<thead>
<tr>
<th>Assets covered</th>
<th>Eligibility Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projects to capture biogas from closed landfill facilities</td>
<td></td>
</tr>
</tbody>
</table>
  - Gas capture $\geq 75\%$; AND  
  - Gas used to generate electricity and input to the natural gas grid or used as vehicle fuel; AND  
  - The landfill is not accepting further waste (with the exception of restoration materials) |
Waste-to-energy: Quezon City Integrated Solid Waste Management Facility

Proponent: Quezon City Government

Location: Quezon City, National Capital Region (NCR)

Status: Planned

Classification: Facilities for collection, sorting and material recovery, preparation, waste and pollution control

Description: The project involves the design, financing, construction, operation, and maintenance of a biodegradable source separated waste treatment and residual combustible waste treatment facility. It has a WtE component.

Output: The facility is capable of processing up to 3,000 metric tons of municipal solid waste per day and generate 36 MW per day.

Cost: PHP22bn (USD453.2m)

Financial structure: PPP (Joint venture) - Consortium composed of Metro Pacific Investments Corporation, Covanta Energy LLC, and Macquarie Capital Limited
SUSTAINABLE FINANCE:
What It Means For Savings and Rural Banks?

Mr. Rob Fowler
Sustainable Finance Expert
Asian Development Bank
SUSTAINABLE FINANCE DEFINED:
OPPORTUNITIES FOR SAVINGS AND RURAL BANKS

Green Social Sustainable Bonds (GSSB) Technical Assistance
24 May 2021

Rob Fowler
Sustainable Finance Consultant
Asian Development Bank
Email: rfowler.consultant@adb.org
ESG AND SUSTAINABLE FINANCE: TWO SIDES OF THE SAME COIN

**Environment-Social-Governance**
- Risk focus
- Looks at how ESG aspects flow through to financial risk
- Used to screen out investments with high ESG risks

**Sustainable Finance**
- Impact focus
- Looks at the positive impacts / credentials of investments in terms of sustainability
- Used to identify investments which are ready for the future
THE MANY FLAVORS OF SUSTAINABLE FINANCE: GREEN, SOCIAL, SUSTAINABLE, BLUE, GENDER, PANDEMIC, TRANSITION…

Environmental Focus
- Green
- Climate
- Blue
- Transition

Social Focus
- Pandemic
- Gender
- Microfinance
- Food

Sustainability Focus
- Green + Social = Sustainable
- Sustainable Development Goals (SDGs)

Instruments
- Bonds
- Loans
- Sukuk
- ABS
- RMBS
- Funds
- Deposit products
Sustainable finance opportunities for Rural & Savings Banks include:

- Create **deposit products** which are Green, Social or Sustainable
- Issue **corporate securities** which are Green, Social or Sustainable
- Provide **business loans** to enterprises with green, social or sustainable impacts
- Provide **home loans** for green buildings or social impact situations
- Participate in **central funding facilities** targeted to green, social or sustainable sectors or priorities

Tagging of the loan portfolio is a critical first step to understand what is possible

- This involves identifying which loans are funding **projects, assets or activities** which have green, social or sustainable impacts
- Given the definitions available and the small scale of individual loans, this can be a very long list!
- We can assist with this process and help to **build the internal capabilities** which are so valuable
- A focus on **social definitions and impacts** should help to create a solid portfolio of eligible loans
GLOBALLY, SOCIAL BOND REQUIREMENTS ARE DRIVEN BY ICMA’S SOCIAL BOND PRINCIPLES

Voluntary guidelines that promote integrity in the Social Bond market through guidelines that recommend transparency, disclosure and reporting

High level categories for eligible Social Projects in recognition of the diversity of current views and of the ongoing development in the understanding of social and sustainable issues

Many principles recommended but not required
ASEAN ALSO HAS A SET OF SOCIAL BOND STANDARDS

• Developed by the ASEAN Capital Markets Forum (ACMF), based on the International Capital Market Association (ICMA) Social Bond Principles

• Issuers must have a geographical or economic connection to ASEAN region

• Specific exclusions of certain projects:
  • Projects which involve activities that pose a negative social impact related to alcohol, gambling, tobacco and weaponry

• External reviewer must have the relevant expertise and experience in the area, which they are reviewing. The external reviewer’s credentials and scope of review must also be publicly disclosed
SOCIAL PROJECTS ARE LOOSELY DEFINED WHICH ALLOWS FLEXIBILITY

“Social Project categories include, but are not limited to, providing and/or promoting:

- Affordable **basic infrastructure** (e.g. clean drinking water, sewers, sanitation, transport, energy)
- Access to **essential services** (e.g. health, education and vocational training, healthcare, financing and financial services)
- Affordable **housing**
- **Employment generation**, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing and microfinance
- **Food** security and sustainable food systems (e.g. physical, social, and economic access to safe, nutritious, and sufficient food that meets dietary needs and requirements; resilient agricultural practices; reduction of food loss and waste; and improved productivity of small-scale producers)
- **Socioeconomic advancement and empowerment** (e.g. equitable access to and control over assets, services, resources, and opportunities; equitable participation and integration into the market and society, including reduction of income inequality)

Source: ICMA’s Social Bond Principles
SOCIAL PROJECTS ASSOCIATED WITH EXISTING SOCIAL BONDS GENERALLY FALL INTO FIVE CATEGORIES

The types of projects is expanding all the time

- There has been a recent focus on Employment Generation in response to the pandemic
- Education & Training is a significant proportion of the existing social bonds in the market
- All categories are expected to grow strongly in coming years
INVESTORS EXPECT A LINKAGE BETWEEN THE SOCIAL BOND PROJECTS AND THE UN SUSTAINABLE DEVELOPMENT GOALS
THANK YOU

FOR FURTHER INFORMATION:

Kosintr Puongsophol
Financial Sector Specialist
kpuongsophol@adb.org

Richard Supangan
Senior Economics Officer
rsupangan@adb.org

Rob Fowler
Sustainable Finance Consultant
rfowler.consultant@adb.org

Alita Lestor
ADB Consultant
alestor.consultant@adb.org

AsianBondsOnline
An ASEAN+3 initiative

asianbonds_info@adb.org
asianbonds_feedback@adb.org
asianbondsonline.adb.org
RESOURCES FOR COMMERCIAL BANKS AND UNDERWRITERS FOR ISSUING THEMATIC BONDS IN THE PHILIPPINES

Mr. Kosintr Puongsophol
Financial Sector Specialist
Asian Development Bank
REGIONAL TECHNICAL ASSISTANCE PROGRAM ON GREEN, SOCIAL AND SUSTAINABILITY BOND MARKET DEVELOPMENT

ASEAN+3 Asian Bond Markets Initiative

*Green Social Sustainable Bonds Series 3: Role of Financial Institutions in Supporting Sustainable Development*

Kosintri Puongsophol
Financial Sector Specialist
Asian Development Bank
Email: kpuongsophol@adb.org
ASIAN BOND MARKETS INITIATIVE (ABMI)

ASEAN+3 Finance Ministers’ and Central Bank Governors’ Meeting (Annual)

ASEAN+3 Deputy Finance Ministers’ and Deputy Central Bank Governors’ Meeting (Semiannual)

Chiang Mai Initiative Multilateralization

ASEAN+3 Macroeconomic Research Office

Task Force Meetings (Semiannual)

ABMI Secretariat: Asian Development Bank

CH TH

TF1: Supply
Promoting Issuance of Local Currency Denominated Bonds

JP SG
TF2: Demand
Facilitating the Demand of Local Currency Denominated Bonds

JP MY
TF3: Regulations
Improving Regulatory Framework

KR PH
TF4: Infrastructure
Improving Related Infrastructure for the Bond Market

Technical Assistance and Coordination Team
TECHNICAL ASSISTANCE: CREATING ECOSYSTEMS FOR GREEN LOCAL CURRENCY BONDS FOR INFRASTRUCTURE DEVELOPMENT IN ASEAN+3

For more TA info, please visit: https://www.adb.org/projects/53300-001/main

SUPPLY
Guide issuers and underwriters through the process of sustainable bonds issuances, post-issuance reporting requirements.
Develop sustainable bond framework based on international and regional standards and taxonomies
Address other constraints that are market-specific e.g. language, lack of awareness etc.

DEMAND
Partner with the AsianBondsOnline (ABO) to create a regional green bond information section on the ABO
Organize regional knowledge events to create greater demand for local currency thematic bonds

MARKET PRACTICES
Make Asian voices heard
Document and publish case studies to guide sustainable bond issuers, and to develop good practices in issuing bonds
Leverage on other initiatives under the Asian Bond Markets Initiative

For more information, please visit:
TECHNICAL ASSISTANCE TO SUPPORT POTENTIAL SUSTAINABLE BOND ISSUERS

PRE-CONDITIONS:
1. Given ABMI’s mandate is to support local currency bond market development, sustainable bonds must be issued in local currency of ASEAN+3 markets.
2. The bond should at least align with the ASEN Green, Social or Sustainability Bond Standards developed by the ASEAN Capital Markets Forum (ACMF), plus other international standards such as Climate Bond Standards and/or ICMA’s sustainable bond principles.
3. Issuers should demonstrate willingness to issue sustainable bonds on a regular basis.
4. Issuers must be willing to share experience in issuing sustainable bond with ADB so that a case study can be published.

SCOPE OF TA SUPPORT:
1. Support issuers in identifying eligible projects/assets that are aligned with international/regional standards and principles.
2. Confirm internal process and controls.
3. Review draft sustainable bond framework --> create good storyline.
4. Engage, facilitate, and seek external review processes with external reviewer and/or approved verifier.*
5. Participate in roadshow to educate investors, media and press release.

FOR CONSULTATION:
1. Get in touch with ADB (kpuongsophol@adb.org) and (rsupangan@adb.org) for further discussion.

*Subsidy can be provided on a case-by-case basis.

SUPPORT TO DEVELOP OVERALL ECOSYSTEM: The TA can support development of necessary ecosystem e.g., strengthen capacity of local service providers to become an approved green bond verifier.
Sustainable Debt Global State of the Market 2020 report

Green, social, and sustainability bond issuance doubled in 2020

For more information, please visit: Climate Bonds Initiative (CBI) - https://www.climatebonds.net/resources/reports/sustainable-debt-global-state-market-2020
Sustainable Debt Global State of the Market 2020 report

Social bonds increased sharply in response to COVID-19

Source: Climate Bonds Initiative, 2021
ASEAN Sustainable Finance State of the Market 2020

For more information, please visit:
Climate Bonds Initiative (CBI) -https://www.climatebonds.net/resources/reports/asean-sustainable-finance-state-market-2020
The majority of issuance comes from corporates

Source: Climate Bonds Initiative, 2021
Regional Green Bond Information Now Available on AsianBondsOnline
ONE STOP INFORMATION PORTAL FOR ISSUERS AND MARKET PARTICIPANTS

Detailed Guidance for Issuing Green Bonds

This detailed guidance has been created to assist bond issuers and their advisors to understand the process and key considerations for a successful green bond issuance.

Demand for green bonds and other sustainable finance products is increasing rapidly. Issuers are seeing an opportunity to be part of the green bond market, but are often not sure about how it works, what they need to do, and the key decisions to be made along the way.

The section covers all of the steps required to follow best practices in labeling bonds (Figure 1). They include relevant examples, links to further details, and key resources for green bond issuers and their deal teams. More details
The Single Submission Form (SSF) is aimed to facilitate an AMBIF bonds/notes issuance application to regulatory, listing and registration authorities in each participating market.

SSF is prepared for the benefit of issuers aiming to issue bonds/notes to Professional Investors in ASEAN+3.

SFF should be looked at together with the AMBIF Implementation Guidelines, which explain specific issuance processes in respective markets.
SFF should be referenced to the AMBIF Implementation Guidelines, which explain specific issuance processes in each market.

• The Implementation Guidelines increase market transparency.
  - The Implementation Guidelines should minimize or reduce legal uncertainty.
  - Where a market does not, or no longer, requires the physical submission of documentation, the SSF can serve as a checklist or a guiding template while the Implementation Guidelines should always be able to support issuance application in any form.
AMBIF-PARTICIPATING MARKETS
THANK YOU

FOR FURTHER INFORMATION:

Satoru Yamadera
Principal Financial Sector Specialist
syamadera@adb.org

Kosintr Puongsophol
Financial Sector Specialist
kpuongsophol@adb.org

Richard Supangan
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rsupangan@adb.org

Rob Fowler
Sustainable Finance Consultant
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Alita Lestor
ADB Consultant
alestor.consultant@adb.org
SUSTAINABLE ENERGY FINANCE PROGRAM:

IFC’s Initiative to Support Financial Intermediary Lending to Clean and Resource-Efficient Projects

Aileen Ruiz-Zarate
Senior Investment Officer
Financial Institutions Group
International Finance Corporation
Scaling Climate Finance through Financial Institutions

FINANCIAL INSTITUTIONS GROUP

Creating Markets, Creating Opportunities

May 2021
Investment opportunity for climate in emerging markets is significant

US$ 23 TRILLION

Is the investment opportunity for climate in emerging markets to be financed by 2030

East Asia and Pacific
US$ 16,046 Billion

Latin America and the Caribbean
US$ 2,640 Billion

South Asia
US$ 2,234 Billion

Europe and Central Asia
US$ 665 Billion

Sub-Saharan Africa
US$ 783 Billion

Middle East and North Africa
US$ 265 Billion

Buildings
US$ 16,334 Billion

Transport
US$ 3,699 Billion

Renewables
US$ 1,765 Billion

Electric transmission and distribution
US$ 413 Billion

Industrial Energy Efficiency
US$ 307 Billion

Waste
US$ 115 Billion
## Top Priority Country – Philippine’s Green Business Opportunities

### GHG Emissions

| 2030 Target | 2010 | Increase renewable energy in primary energy mix to 50% by 2030, up from 34% in 2010. | Add net renewable energy capacity of 1.5 GW by 2030. | Green Urbanization – Enable investment in water/sanitation management, green buildings, energy efficient inter and intra-city mass transportation, and energy efficient vehicles through a coordinated and effective regulatory framework. |
| $115 B | ~ $7.5B* | $20.0 B | $56.7 B | $20.4 B | $10.0 B | $5.0 B | $2.9 B |

### Current

| Outstanding | Demand By 2030 |
| Population | 105 million |
| GDP | $314 billion |
| GDP growth | 6.24% |
| Total Banking Asset | $303.8 billion |

| Total GHG emissions | 171.6 MtCO2 |
| GHG emissions Ranks | 38 |
| Installed renewable energy/GW | 6.6 |

| Green bond issuance (banks) | 4 |
| Sustainability bonds (banks) | 3 |

*Estimated by IFC’s methodology

Source: An IFC Analysis – Climate Investment Opportunity in Emerging Markets; Green Buildings Market Intelligence Philippine Profile; UNEP, Green Finance Opportunities in ASEAN

### Recommendations

- **Renewable Energy**: Promote the use of renewable/clean energy and achieve a sustainable energy mix.
- **Green Urbanization**: Enable investment in water/sanitation management, green buildings, energy efficient inter and intra-city mass transportation, and energy efficient vehicles through a coordinated and effective regulatory framework.
- **Agribusiness and Farmers**: Promoting climate smart interventions and digital solutions and warehouse financing solutions.
- **PPPs**: Wastewater and solid waste treatment areas.

### Main Target:

- Philippines intends to reduce its GHG emissions by 70% below BAU by 2030, conditioned on the extent of financial resources.
- Mitigation strategy by Philippine Government since 2015.

| Green Business Opportunity 2030 Target |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 30% | $20.0 B | $56.7 B | $20.4 B | $10.0 B | $5.0 B | $2.9 B |

**Outstanding**

- **GDP**: $314 billion
- **GDP growth**: 6.24% 
- **Total Banking Asset**: $303.8 billion

- **Population**: 105 million
- **Total GHG emissions**: 171.6 MtCO2
- **GHG emissions Ranks**: 38
- **Installed renewable energy/GW**: 6.6

- **Green bond issuance (banks)**: 4
- **Sustainability bonds (banks)**: 3

*Estimated by IFC’s methodology
IFC has invested approx. half a billion USD in climate related projects in the Philippines since 2009 and have provided various capacity building programs to train banks and its clients to tap into green finance.

**Development Impact**

- **541** Thousand tons CO₂ p.a. emission reduction as of Dec 2017
- **90** Gigawatthours p.a. energy savings as of Dec 2017.
- **2** Green bonds issued by FIs

**Recognition**

- BPI G20 SME Challenge Winner (2010)
- PSEF – UNFCCC Momentum for Change Award (2013)

### Creating Markets for Climate Finance

- Green Buildings: Advisory to the Department of Public Works and Highways for the development and implementation of the Philippine Green Building Code, and to Mandaluyong City for the its Green Building Ordinance; Local development and implementation of EDGE
- Scale up climate finance through “30x30 zero program”. The name refers to the dual target to increase FI client lending to 30% of their portfolio (on average) by 2030. The project aims to support FIs to reduce their coal exposure to close to zero, also to support them mitigate their climate risks.
- Capital market initiatives: supporting capital markets development through thematic bonds.

### Climate Investments in the Philippines

- BPI through RSF ($40M), RSF II ($116M) and RSF III ($73M) supported by funding from Global Environment Fund (GEF) and Clean Tech Fund (CTF).
- $150M BDO Green Bond: 1st FI issuance in PH and 1st IFC green bond investment in EAP
- US$150M China Bank Green Bond.
- $75 million in AC Energy's Green Bond for RE projects
- $90 million IFC Mabuhay Bond for Energy Development Corporation for Geothermal projects

### Philippines Sustainable Energy Finance (SEF) Program

- In 2008, the Philippine Sustainable Energy Finance (PSEF) Program was launched. IFC Advisory team conducted market scoping studies, seminars to stakeholders (FIs, companies, govt) to build capacity and confidence to lend towards Energy Efficiency (EE) & Renewable Energy Projects (RE). IFC worked 4 advisory client banks to build capacity, generate pipeline, and monitor impact.
- During the life of the program, the banks disbursed US$880M in loans. Value of energy savings: USD486M. GHG emissions avoided 2.1 million tons CO₂ / year
Working with Financial Institutions
IFC’s value proposition

**INVESTMENT**

*Financial products tailored to client needs*

- Loans
- Equity
- Trade and Commodity Finance
- Derivatives and Structured Finance
- Blended Finance

$19.1 billion committed in FY19
$58.9 billion committed portfolio

**ADVICE**

*Innovative solutions combining IFC’s expertise and tools*

- Help Create New Markets
- Unlock Investment Opportunities
- Strengthen Clients’ Performance and Impact
- Improve Environmental, Social, and Corporate Governance Standards

$295.1 million program in FY19

**MOBILIZATION**

*Mobilizing and managing capital for investment*

- Syndications
- IFC Asset Management Company

$28 billion syndicated in last five years
$10.1 billion under management at IFC AMC
CASE STUDIES IN OTHER EMERGING MARKETS
# IFC Asia Sustainability and Climate Finance: China Climate Program

<table>
<thead>
<tr>
<th>ASSET CLASS</th>
<th>IFC ADVISORY SUPPORT</th>
<th>KEY RESULTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>$150~350B</td>
<td>RSF Support</td>
<td>Over 600 project assessment reviews</td>
</tr>
<tr>
<td>BOB;BOJS;BOS;BON</td>
<td></td>
<td>Through RSF, IFC mobilized $2.29B in investments</td>
</tr>
<tr>
<td>$1000 B</td>
<td></td>
<td>From 0 to $200B green portfolio of partner banks</td>
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<tr>
<td>ABC</td>
<td></td>
<td>Over 24% Green ABS in China</td>
</tr>
<tr>
<td>$10 B</td>
<td></td>
<td>69% Percentage of green loans disbursed (2018) of GHG emission reduced per year</td>
</tr>
<tr>
<td>MRCB</td>
<td></td>
<td>CNY2.65B Green loans disbursed (2018) and 24% Percentage of Green Portfolio (2018)</td>
</tr>
</tbody>
</table>

## Product Solutions
- Product line and target sectors
- Capital market solutions, i.e. green ABS, green bond...

## Capacity Building
- On-site training
- Specialized training per target sectors

## Green Finance System
- Strategic objectives
- Process optimization and risk control

## Business Strategy & Development
- Mainstream green business
- Diversify green financial products

## Systematic Trainings
- Senior Management training
- Specialization training
- Certificate training

## Digitalized Green Finance Operating System
- Digitalize banking operation system
- Standardize green operation procedures

## Carbon Neutral & Internet Platform
- Environmental information disclosure and transparency
- Social public commitment to sustainability / governance
- Internet platform to connect green finance participants

---

**Technical Assistance**
- Individual Project Identifying

**Segment market research**
- Identification & evaluation of prospect projects

---

**Market Research & Project Evaluation**
- On-site training
- Specialized training per target sectors

---

**Capacity Building**
- Technical Assistance
- Individual Project Identifying

---

**IFC ADVISORY SUPPORT**
- IFC ADVISORY SUPPORT
- IFC ADVISORY SUPPORT
- IFC ADVISORY SUPPORT

---

**KEY RESULTS**
- Over 600 project assessment reviews
- Through RSF, IFC mobilized $2.29B in investments
- From 0 to $200B green portfolio of partner banks
- More than 200 M tons of GHG emission reduced per year
- Two partner banks, IB and BOJS adopted the Equator Principles

---

**IFC Green Finance Certificate**
- Training

---

**Strategic objectives**
- Process optimization and risk control

---

**Senior Management**
- Trainings for various departments
- IFC Green Finance Certificate Training

---

**Environmental information**
- Disclosure and transparency

---

**Green loans disbursed**
- 24% Percentage of Green Portfolio (2018)

---

**GHG emission reduced**
- 24% Percentage of Green Portfolio (2018)
Climate Finance LAC Advisory, Investment & Training Services footprint

FY17 - FY21

1.62 billion
Total IFC Loans (USD)

1.44 million
\( t\text{CO}_2\text{e/yr} \)

AS Projects
- Strategy/Framework: 3
- Taxonomy: 2
- EE: 1
- RE: 2
- CSA: 2
- GBuildings: 17
- Training: 2

IS Projects
- Green Loans: 22
- Green Bonds: 6
- Green Equity: 1
- Green Structured Finance: 3

11 Total Countries

20,409 Bankers Reached

Note:
1. 1.44 million \( t\text{CO}_2\text{e/yr} \) from the LAC SEF Project. The team will keep reporting GHG emissions reduction by FIs. The team extracts this indicator from CAFI Tool, annually in every FYH2. Clients usually report between January-March.
IFC’s Lighting Asia program is aimed at increasing access to clean, affordable energy by promoting modern off-grid lighting products, and systems in geographies with no or unreliable grid.

The Program builds long-term and sustainable partnership between Financial Institutions and Solar Off Grid Companies to build and grow the modern off-grid solar energy markets.

Asia Country Programs in Asia work closely with IFC’s Lighting Global – WBG’s platform to support sustainable growth of the international off-grid solar market.

Through this project, IFC has reached 120 million people across Asia with quality assured solar energy products since 2016 and GHG emissions avoided 331334 TCO2.

The program has a strong focus on women entrepreneurship and to date has helped companies build a cadre of more than 15,000 village level entrepreneurs in rural geographies.

Lighting Global has been instrumental in kick-starting the off-grid lighting sector. We have had the opportunity to work with the Lighting Global team for the last ten years, starting when the industry was in its infancy, and they have always been willing to listen, provide support and take action. Ned Tozun, CEO dlight

Globally, 770 million people live without any access to electricity of which 155 mn are in Asia.

Decentralized solutions are the least-cost way to provide power to more than half of the population gaining access by 2030.

As of the end of 2019, globally the sector had attracted more than US$ 1.5 billion in investment, with growth in the early years primarily driven by equity, and debt becoming more common recently.

• IFC has invested in the ResponsAbility Energy Access Fund (Phase I and II).

IFC has invested in the Access to Clean Power Fund extends debt financing to companies providing renewable energy and energy efficiency solutions in the retail and off-grid Pay-As-You-Go (PAYGO) sector, and in the commercial and industrial sector, both part of the Distributed Generation (“DG”) market.

IFC investment $45 mn in Phase II $150 million Fund (2019)
Blue Finance in Asia

**IFC’s First-ever Blue Loan**

- IFC provided $150 million senior loan, along with $150 million parallel loans from ADB and DEG, to Indorama Ventures Global Services Limited (IVGS), a subsidiary of Indorama Ventures Public Company Limited (IVL), a leading global manufacturer and recycler of PET resin.
- The funding will help the IVL increase its recycling capacity in Thailand, Indonesia, Philippines, India, and Brazil—countries which are grappling with mismanaged waste and serious plastic waste in the environment—and invest in renewable energy and resource efficiency projects.
- This marks IFC’s first blue loan exclusively focused on addressing marine plastic pollution. A Blue Loan is an innovative instrument whereby the funds raised are certified and tracked exclusively for projects that support a Blue Economy – i.e. sustainable use of ocean resources for economic growth, improved livelihoods and jobs, and ocean ecosystem health.

**Discovering Blue Finance**

- A series of World Bank Group studies were launched to examine the untapped economic opportunities to promote plastic circularity and address marine debris in Malaysia, the Philippines and Thailand.
- Using a plastic value chain approach, the studies evaluate the plastics recycling industry and its role in supporting a circular economy and scaling up recycling efforts via targeted public and private sector interventions.
CLOSING REMARKS

Mr. Satoru Yamadera
Principal Financial Sector Specialist
Asian Development Bank
THANK YOU FOR YOUR PARTICIPATION