

Headline: PH eyes sovereign green bond issuance

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Finance Secretary Carlos G. Dominguez III—DOF photo

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MANILA, Philippines—Finance Secretary Carlos Dominguez III on Friday (Nov. 19) said the Philippines' maiden green bond offering is in the pipeline, to raise government financing for climate projects.

"The Philippines recently launched a sustainable finance roadmap to provide a framework that will create a synergy between public and private investments in greening the financial system," Dominguez said in a speech.

"We are also in the process of completing our sustainable finance framework for the issuance of our first-ever sovereign green bonds," he added.

Dominguez did not give a timetable for the government's planned green bonds sale.

In a recent joint report on green infrastructure investment opportunities, the Securities and Exchange Commission (SEC) and the Manila-based multilateral lender Asian Development Bank (ADB) noted that issuance of a sovereign green bond would "send a strong signal to the market" of the Philippines' commitment to green finance.

"Sovereign bonds are well-understood, frequently issued products that are included in most investment strategies," the report said.

"A sovereign green bond can kickstart a local green bond market by bringing scale to domestic markets through benchmark pricing, liquidity, and precedent," it said.

"For governments with access to domestic and international capital markets, sovereign green bonds can also help attract the private sector-based investment needed for sustainable developments and to fulfill the objectives of its NDC" or national determined contribution to fight climate change under the Paris Agreement, it added.

In the case of the Philippines, an ambitious commitment has been made to slash greenhouse gas emissions by 75 percent in the next 10 years.

Before Philippine officials led by Dominguez flew to Glasgow, Scotland to attend the 26th session of the United Nations Climate Change Conference of Parties (COP26), the government launched its sustainable finance roadmap and guiding principles to ensure a steady stream of public and private financing for climate change mitigation and its planned shift to a green economy post-pandemic.

The roadmap initially focused on the upcoming transition to a low-carbon economy.

To promote climate financing in the Philippines, the roadmap pushed for the creation of an environment conducive to:

- Climate-related finance
- Mainstreaming of sustainable financial products through incentives, penalties and insurance
- Development of a sustainable pipeline database for the public and private sectors to monitor targets

The roadmap also enjoined private sector participation through green investment vehicles (GIV)—“public entities that act like a private financier, focusing on low carbon, climate resilient investments.”

In the case of private sector-led green financing, Dominguez said “the Philippines is ahead in our use of climate finance.”

“Since 2019, Philippine companies have issued \$4.8-billion worth of Asean-labelled GSS or green, social, and sustainability bonds. This is equivalent to 29 percent of the current total Asean-labelled GSS bond issuances, the highest in the region,” Dominguez said.

“The SEC has been far-sighted in this regard, having issued numerous guidelines for GSS bonds adhering to Asean standards. We have seen only the tip of the iceberg,” he added.

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