

Keyword: climate-change

Headline: World Bank OKs \$750-M 'sustainable recovery' loan for PH

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Published Date: 08:28 AM June 15, 2023

Section: business

Word Count: 480

Content:

MANILA -The World Bank approved a \$750-million loan to support the Philippine government's efforts to improve protection of the natural environment as well as resilience to the adverse effects of climate change.

In particular, the facility dubbed Philippines First Sustainable Recovery Development Policy Loan will bolster ongoing government reforms to not only attract private investment in renewable energy but also to enhance plastic waste management through reduction, recovery and recycling; promote green transport, including the use of electric vehicles; and reduce climate-related fiscal risks from the agriculture sector.

Ndiamé Diop, World Bank country director for the Philippines, said in a statement that promoting foreign direct investments and streamlining the permitting process could unlock the country's "tremendous potential" for renewable energy generation, especially using solar and wind technologies.

"Renewable energy can help the Philippines mitigate climate change and bring numerous benefits, including enhanced energy security, the creation of green jobs and improved access to electricity," Diop said. "It is a crucial step towards a more sustainable and resilient future for the country."

Also, the World Bank noted that achieving the Philippine government's target of producing half of the country's electricity output with renewable energy by 2040, and slowing down the expansion of coal-fired power generation capacity from 2026 onwards, would need a significant increase in investments in solar and wind technologies and a strong policy environment conducive for such investments.

Also, the loan supports the implementation of the Extended Producer Responsibility Act that mandates large enterprises to recover up to 80 percent of plastic packaging waste by 2028.

Further, the loan supports the introduction of new insurance products suitable for vulnerable smallholder farmers and strengthens the coverage and operations of Philippine Crop Insurance Corp. The multilateral lender believes that, if properly designed and targeted, crop insurance can help stabilize farm income, reduce poverty and provide a climate safety net for food producers.

IC planning hybrid agri insurance to woo and protect farmers

World Bank senior economist Ralph Van Doorn said that pushing economic reforms to transform the economy remained imperative, not only to accelerate, but also to sustain the economic recovery and boost long-term growth.

"Reforms aimed at attracting private investments in public service sectors can open up new sources of economic growth and quality jobs," Van Doorn said.

Also supported by the loan are amendments to the Public Service Act that allow up to 100-percent foreign ownership in domestic shipping, air transport, land transport, express parcel and delivery, telecommunication, water supply and toll roads.

Telco, airlines now open to full foreign ownership

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The World Bank sees that increased foreign participation in these industries can improve the quality of service, enhance connectivity and lower operational costs for businesses — thus, making them more competitive.