



International
Labour
Organization



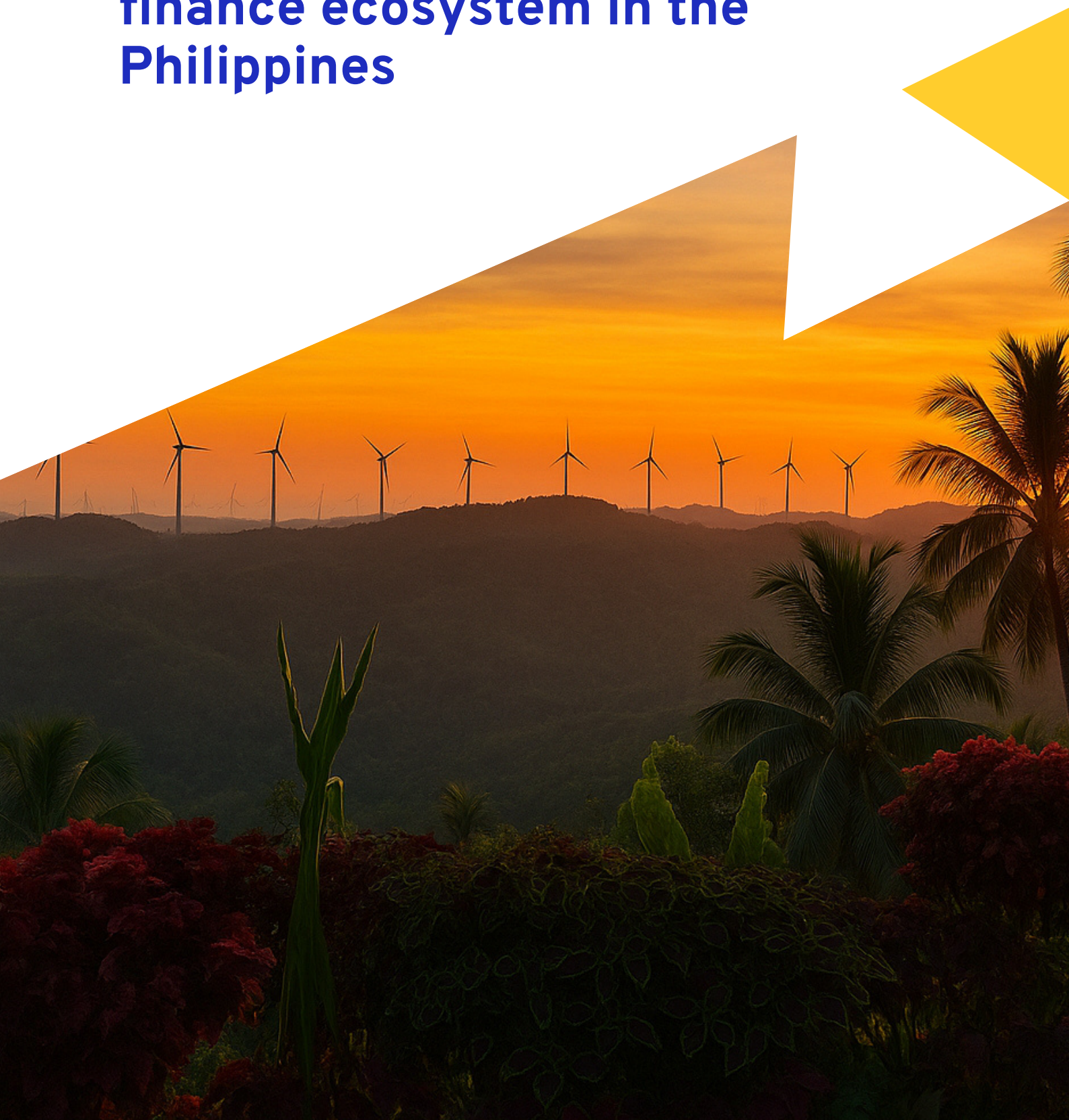
Social
Finance



Trade
for Decent
Work



► Financing a just transition: state of play of the sustainable finance ecosystem in the Philippines



© International Labour Organization 2025.
First published 2025



Attribution 4.0 International (CC BY 4.0)

This work is licensed under the Creative Commons Attribution 4.0 International. To view a copy of this licence, please visit [Attribution 4.0 International \(CC BY 4.0\)](https://creativecommons.org/licenses/by/4.0/). The user is allowed to reuse, share (copy and redistribute), adapt (remix, transform and build upon the original work) as detailed in the licence. The user must clearly credit the ILO as the source of the material and indicate if changes were made to the original content. Use of the emblem, name and logo of the ILO is not permitted in connection with translations, adaptations or other derivative works.

Attribution – The user must indicate if changes were made and must cite the work as follows: *Financing a just transition: State of play of the sustainable finance ecosystem in the Philippines*, Geneva: International Labour Office, 2025. © ILO.

Translations – In case of a translation of this work, the following disclaimer must be added along with the attribution: *This is a translation of a copyrighted work of the International Labour Organization (ILO). This translation has not been prepared, reviewed or endorsed by the ILO and should not be considered an official ILO translation. The ILO disclaims all responsibility for its content and accuracy. Responsibility rests solely with the author(s) of the translation.*

Adaptations – In case of an adaptation of this work, the following disclaimer must be added along with the attribution: *This is an adaptation of a copyrighted work of the International Labour Organization (ILO). This adaptation has not been prepared, reviewed or endorsed by the ILO and should not be considered an official ILO adaptation. The ILO disclaims all responsibility for its content and accuracy. Responsibility rests solely with the author(s) of the adaptation.*

Third-party materials – This Creative Commons licence does not apply to non-ILO copyright materials included in this publication. If the material is attributed to a third party, the user of such material is solely responsible for clearing the rights with the rights holder and for any claims of infringement.

Any dispute arising under this licence that cannot be settled amicably shall be referred to arbitration in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL). The parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of such a dispute.

For details on rights and licensing, contact: rights@ilo.org. For details on ILO publications and digital products, visit: www.ilo.org/publns.

► ISBN: 9789220424391 (web PDF)
DOI: <https://doi.org/10.54394/KFHL2080>

The designations employed in ILO publications and databases, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the ILO concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers or boundaries. See: www.ilo.org/disclaimer.

The opinions and views expressed in this publication are those of the author(s) and do not necessarily reflect the opinions, views or policies of the ILO.

Reference to names of firms and commercial products and processes does not imply their endorsement by the ILO, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

Contents

► Executive summary	3
► Introduction	4
► Climate transition dynamics in the Philippines and examples of associated socio-economic implications	7
Overview of climate transition dynamics in the Philippines	7
Climate adaptation and mitigation efforts	7
National just transition priorities	9
Sectoral climate transition dynamics and associated socio-economic implications	10
Energy sector	12
Transport sector	15
Agriculture sector	19
► Mapping of the financial sector in the Philippines	22
The role of financial sector in promoting a just transition	22
The Philippines financial sector landscape	23
The Philippines sustainable finance regulatory pathway	29
The Philippines sustainable finance implementation pathway	32
► Leveraging sustainable finance for a just transition	35
Pre-requisites and suggested entry points	36
► Annexes	38
Examples of sustainable financing initiatives of banks	38
The Philippines sustainable finance framework - list of eligible expenditures	45
The Philippines sustainable finance framework - exclusion list	47
Large conglomerates in the Philippines	48
► References	49

► Executive summary

Climate change and environmental degradation pose significant challenges to economic growth and employment today. And in the medium- to long-term the related impacts will even further manifest. The Philippines is among the world's most vulnerable countries to climate change. Increases in the frequency and intensity of typhoons, changes in rainfall patterns, rising sea levels and increasing temperatures pose a serious threat to the nation's ecosystems and population. At the same time, if properly managed, climate change action can facilitate more and better jobs.

Transitioning to sustainable practices across different economic sectors is essential to protect the country's agriculture, fisheries, and coastal communities, which are integral to its economy and food security. However, the climate transition has far-reaching implications for many economic activities, necessitating significant changes in business operations and practices. There are several dynamics triggering the transition to low-carbon and climate-resilient economies: to mitigate the effects of climate change, high-emitting, hard-to-abate activities need to transform and decarbonise their activity mix; green and low carbon activities need to be scaled up; adaptation needs to happen to adjust to the effects of climate change that can no longer be mitigated.

Transitioning the economy in a way that benefits all segments of society without leaving anyone behind, i.e. ensuring a just transition, is a comprehensive endeavour which requires a coordinated approach. This shift to a sustainable future must not only be environmentally responsible but also equitable and just for all, and involve all concerned stakeholders: workers and businesses, communities, affected groups, and vulnerable populations.

The transition to a low-carbon and climate-resilient economy requires substantial investments. These investments are needed from both the public and private sector. Especially the country's financial sector has a pivotal role to play in facilitating financial flows towards an inclusive and just transition. Within this context, the ILO initiated an assessment of the sustainable finance ecosystem and its regulatory environment in the Philippines with the goal to map the current status, and potential of integrating just transition priorities and considerations in sustainable finance practices.

This report is divided into two main sections, covering: (1) Climate transition dynamics in the Philippines, the associated socio-economic implications and national just transition priorities; (2) Mapping of the financial sector actors and the existing enabling environment and sustainable finance regulation in the Philippines.

Section I introduces the Philippine climate transition within the context of a climate-vulnerable developing country with its focus on continued sustainable development, poverty eradication, and adaptation to the effects of a climate change. It discusses the Philippines national just transition priorities—the finalization of which is still in the government's pipeline and takes a closer look at three sectors (Energy, Transport, and Agriculture), highlighting their transition pathways, potential financing needs and examples of sector-specific social considerations to be considered for a just transition.

Section II presents the financial sector in the Philippines and outlines its sustainable finance pathway as illustrated by national strategies such as the Sustainable Finance Framework and the Sustainable Finance Roadmap and applicable regulation. The section looks at the state of play of integration of just transition in financial sector activities as evidenced by research on existing sustainable finance practices in the country focused on climate or social objectives and provides high-level recommendations aimed at accelerating just transition-conscious finance in the Philippines.

► Introduction

Background

As accorded by the Global Climate Risk Index, the Philippines consistently ranks as one of the world's most climate change vulnerable countries, which, due to its unique geographical position directly facing the Pacific Ocean, receives, on average, twenty highly destructive tropical cyclones annually. In addition, over the past several years the country has experienced heatwaves leading to droughts and health hazards, particularly in urban areas.

The Intergovernmental Panel on Climate Change (IPCC), has identified “climate resilient development” as the new development framework to address climate change and its impacts. According to the IPCC, global warming can still be timely arrested to prevent its irreversible effects to both natural and human systems through a combination of mitigation and adaptation measures enabled by a decisive shifting of development pathways by countries as a global community of nations. Despite the rapidly closing window of opportunity, the system transformation necessary for climate action must still have equity and inclusivity at their core. The IPCC explicitly points to a just transition as an enabler^[1] above of accelerated climate action, particularly climate change mitigation.

According to the International Labour Organization (ILO):

► A just transition promotes environmentally sustainable economies in a way that is inclusive, by creating decent work opportunities, reducing inequality and by leaving no one behind. It involves maximizing the social and economic opportunities of climate and environmental action, including enabling environment for sustainable enterprises, while minimizing and carefully managing challenges. It should be based on effective social dialogue, respect for fundamental principles and rights at work, and be in accordance with international labour standards. Stakeholder engagement is also important.^[2]

The ILO, a specialized United Nations Agency established in 1919 with the mandate to promote Decent Work and Social Justice, embodies a profound commitment to enhancing labour rights, social justice, and the quality of work opportunities. The ILO emphasizes the interconnectedness of environmental sustainability, decent work, and social justice amid the triple planetary crises. Leveraging the ILO's Just Transition Guidelines, the ILO advocates for a just transition that fosters inclusive and environmentally sustainable economies, with a commitment to creating decent work, reducing inequality, and ensuring that no one is left behind. The ILO Just Transition Guidelines represent a policy framework for country action that covers a variety of policy areas to address environmental, economic and social sustainability simultaneously including macroeconomic and growth policies, industrial and sectoral policies, enterprise policies, skills development, occupational safety and health, social protection, active labour market policies, rights, and social dialogue and tripartism.

Financing is a crucial enabler of implementation of just transition-aligned policies, measures and practices^[3]. Transitioning to a low-carbon economy requires financial resources in the form of investments in green technologies, workforce retraining programs, and social safety nets. Without sufficient financial support, it would be challenging to achieve the goals of a just transition, as stakeholders may lack the means to adopt necessary changes and innovations. The variety and scale of financing requirements linked to a just transition, fiscal space constraints and increasing debt vulnerabilities for many developing countries call for an effective combination of various sources of finance – public and private, domestic and international^[4]. The circumstances of developing, and particularly climate-vulnerable, countries like the Philippines, characterized by weaker social protection systems, higher levels of poverty, and an informal, non-unionized workforce, present compounded challenges that further complicate the path toward achieving a just transition.^[5] These realities must be integrated into financing strategies, investment plans, and the sustainable finance practices of financial institutions to ensure an inclusive and effective transition.

Objectives of the assessment

The aim of the current assessment is to examine the dynamics of the Philippines' low-carbon transition, identify the sectors most affected by national decarbonization strategies and adaptation efforts, and uncover the most prominent social impacts associated with these changes as well as national just transition priorities as outlined in national strategies. By doing so, the assessment seeks to understand the financing needs and uncover business and investment opportunities associated with promoting a just transition. It also seeks to outline major social implications of the low-carbon transition process that require (i) adequate financial resources and (ii) warrant a due consideration by the financial sector, in line with country's development priorities, financial sector sustainability commitments and commercial objectives.

Additionally, the assessment explores the state of play of sustainable finance practices in the country, including policies, processes and financial product offerings that can contribute to channeling financial capital for a just transition and their alignment with both environmental and social objectives, as well as relevant public sector financing mechanisms.

A deeper understanding of the social implications, financing needs, and the existing capital provider landscape is expected to help financial institutions integrate social considerations into their sustainable finance practices and core operations in a sustainable manner, thus promoting a just transition; support the development of financial and insurance products and solutions tailored to the real economy's needs; and promote partnerships among different types of capital providers united by the same goal.

Methodology

The report is based on data and information gathered primarily through desk research and literature review, including national policies, plans, strategies and regulations, as well as other publications from sectoral actors and financial services providers. Notwithstanding the limitations of desk research, the information gathered from this method was used to establish the baseline for the initial mappings.

In addition, data gathering strategy involved conducting key informant interviews (KIIs) in-person, online, and through written responses. Among the respondents targeted were representatives from Philippine government agencies, including financial sector regulators; representatives from the sectors most affected by climate transition as identified in this report; and representatives from financial sector associations and financial institutions. The initial findings were subsequently presented in a workshop bringing together the various stakeholders, representatives from the ILO Social Finance Unit, and the ILO Country Office for the Philippines. The information gathered during the KIIs as well as the workshop supplemented the initial desk research findings and was used to validate or clarify them.

Structure of the report

This Report is divided into two sections. Section I outlines major climate transition dynamics affecting the Philippines. Section II maps the financial sector actors in the Philippines, including banks, non-bank financial institutions, and multilateral development banks, and examines their sustainable finance products and practices, which could be leveraged to better embed the social dimension of a just transition. It further explores the sector's regulatory and policy environment, mapping government regulations and public sector incentives that encourage financial actors consider sustainability aspects in their operations and provides high-level recommendations to activate financing aligned with just transition objectives in the Philippines.

Acknowledgements

The report was prepared by the ILO Social Finance Program in the framework of Trade for Decent Work Project (T4DW) with financial support provided by the European Union with technical support provided by Manila Observatory.

It benefited from substantive inputs from Rakshita Agrawal, Ekaterina Chubarova, Fernando Messineo Libano, Georginia Pascual, Camilla Roman and benefitted from support from the ILO Country Office in the Philippines and Ema Rizo Patron Minaya.

We sincerely thank all the individuals and organizations who generously provided their expertise and insights during the development of this report, including the representatives of:

- Asian Development Bank
- Bangko Sentral ng Pilipinas
- Bankers Association of the Philippines
- BDO Unibank, Inc.
- Bank of Philippine Islands
- Department of Energy
- Department of Environment and Natural Resources
- Department of Finance - Climate Finance Policy Group
- Development Bank of the Philippines
- Employers' Confederation of the Philippines
- Land Bank of the Philippines
- Microfinance Council of the Philippines, Inc.
- National Confederation of Transport Workers' Unions – SENTRO
- Oxfam Pilipinas
- Securities and Exchange Commission

► Climate transition dynamics in the Philippines and examples of associated socio-economic implications

This section examines the climate transition dynamics in the Philippines and their social implications, framing them within the broader context of the country's development priorities.

By analyzing the country's national climate commitments, climate transition strategies, and just transition priorities identified by government agencies, the section identifies the sectors and economic activities likely to be most impacted by climate action strategies. It then explores the major socio-economic implications of the transition in the context of these sectors, including both risks and opportunities. These insights aim to provide a foundation for advancing the just transition discourse in the Philippines, moving from planning to action—enabled by adequate financing.

► Overview of climate transition dynamics in the Philippines

Climate adaptation and mitigation efforts

The Philippines' transition to a low-carbon and climate-resilient economy must be understood in the context of its high climate vulnerability, which is a key factor shaping national development. The country's frequent and increasingly intense extreme weather events, particularly typhoons affecting its eastern seaboard, as well as slow onset trends such as rising sea levels and ocean acidification, have significantly influenced policies on development, disaster response, and human capital investment. Therefore, for decades, the Philippines has prioritized climate adaptation objectives and measures to build disaster-resilient communities^[6], aligning with the long-term national vision outlined in AmBisyon 2040.^[7]

In addition to climate change adaptation objectives, mitigation efforts have become a critical priority, including for climate-vulnerable developing countries like the Philippines. While countries have differentiated responsibilities, greenhouse gas (GHG) reduction and avoidance are a shared global commitment to achieving the Paris temperature goals of keeping global warming well below 2°C and striving to limit it to 1.5°C. Following the adoption of the Paris Agreement in 2015 and the submission of the Philippines Nationally Determined Contribution (NDC) in 2021 the country took on commitments on reducing GHG emissions.

Within this context, the Philippines Medium Term Development plan (PDP 2023-2028) points to simultaneous efforts toward achieving community and ecosystem resilience, and GHG emissions reduction and avoidance.

► **Box 1: The Philippines' medium-term development plan**

Outcome	Increased climate and disaster risk resilience of communities and institutions	Enhanced ecosystem resilience	Low carbon economy transition enabled
Strategies	- Strengthen the capacity of Local Government Units (LGUs) and communities in disaster prevention and preparedness. - Boost multistakeholder partnerships in building and translating knowledge to climate change adaptation and disaster risk reduction. - Align ESG measures and investments with local adaptation and risk reduction needs and priorities.	Intensify ecosystem protection, rehabilitation, and management	- Implement the Nationally Determined Contribution policies and measures. - Bolster private sector investments in green development. - Ensure just transition of workers affected by the structural changes toward a greener, more sustainable, and low-carbon economy. - Expand market opportunities for low-carbon technologies and products.

However, despite the growing importance of mitigation, climate adaptation remains the priority for the Philippines. Understanding the dynamics of the climate transition in the country requires a contextual analysis of its vulnerability to climate risks, dependence on fossil fuels, and socio-economic landscape.

Wind turbines in the Philippines, promoting renewable energy and sustainable development.
Photo: © ILO



National just transition priorities

The Philippines' NDCs specifically highlight the country's priority on "social and climate justice," aiming to "accelerate the just transition of its sectors into a green economy" and to "deliver green jobs and other benefits of a climate and disaster-resilient and low-carbon development to its people^[8]."

While the exact definition of the Philippine just transition priorities is still work in progress, the government has undertaken major steps in this direction. This includes the launch of the Just Transition Programme ("Programme") by the Department of Environment and Natural Resources (DENR) in October 2024^[9]. While the 18-month Programme is in its early days, the preliminary framing by the government reveals the bottom-line considerations that might become the definitive pillars of the National Just Transition Framework.

*According to the Philippine government, Just Transition refers to **placing people at the center of climate action**^[10], namely by*

- (i) ensuring the equitable distribution of economic and social benefits;*
- (ii) maximizing the social and economic opportunities of climate and environmental actions.^[11]*

However, while this framing leverages the benefits of transitioning for both global climate action and for local community-based initiatives, discussions on risks and vulnerabilities and how they can be managed are not yet expressed. As of yet, it remains uncertain how efforts to proactively prevent job losses and livelihood disruptions among workers and communities will be managed as low-carbon development projects are implemented.

During the launch of the Programme, six specific considerations of the transition to low-carbon and climate resilient development economies were named. These include:

- Socio-economic development priorities
- Environmental protection and conservation
- Skills development, reskilling and upskilling of the workforce
- Industrial potential
- Energy security, access and affordability
- Sustainable transport^[12]

In the absence of the definitive framework, these elements provide insights into the potential focus areas of policies, programs and projects aiming to promote a just transition and set the tone for potential future just transition-related commitment the country.

In terms of sectoral priorities, Ma. Antonia Yulo Loyzaga, the DENR Secretary, identified Energy and Transport sectors as the areas of primary interest for country just transition initiative^[13] due to the level of their current GHG emissions. However, she highlighted "by no means that the other sectors will be left out."

► Box 2: Additional references for understanding national just transition priorities in the Philippines

While the Just Transition Programme is expected to define the national just transition priorities and set the path forward, several existing national strategies and plans already reference just transition in different contexts.

The Philippine Development Plan (PDP 2023-2028)^[14] Chapter 15 of the PDP 2023-2028 highlights the imperative of a just transition of workers affected by structural shifts toward a greener, more sustainable, and low-carbon economy. However, its focus is limited to providing support and training opportunities (e.g., retooling, upskilling, and reskilling on sustainable practices and processes) without mentioning other enabling policies essential for a just transition, as identified by the ILO.

It further outlines the government's intent to prioritize strategies that would deliver the best outcomes for communities and the environment (i.e. avoiding adverse impacts; minimizing impacts that cannot be avoided; restoring or rehabilitating damage; and offsetting or compensating for unavoidable impacts).

The NDC Implementation Plan (NDCIP) includes a dedicated section on just transition, particularly in the context of climate mitigation activities. As the country's framework for implementing its international climate commitments, the plan provides insights into how just transition is understood and operationalized by the national government. Key considerations include:

- (i) addressing **the impacts of phasing out fossil fuels on workers** in impacted industries and potential issues related to **decent work standards** in emerging clean energy sectors;
- (ii) ensuring **affordable energy access** for the poorest households;
- (iii) inclusion of **informal workers** in the formal waste collection and disposal systems;
- (iv) **modernization of the agriculture sector**, with a focus on technological adoption
- (v) **workforce transition in the transportation sector**, including retraining drivers and securing employment for workers impacted by the modernization of public transport (e.g., jeepney industry).

National Green Jobs Human Resource Development Plan 2020-2030^[15], formulated by the Department of Labor and Employment (DOLE) in collaboration with the ILO, explicitly links employment and workforce development to just transition, particularly in sectors where greening has a significant impact on workers. It identifies six key employment growth sectors with high potential for job creation in the coming years: Renewable Energy, Sustainable Agriculture, Manufacturing, Transportation, Construction, and Ecotourism.

The **Philippine Green Jobs**, enacted to promote sustainable economic growth and the creation of "employment that contributes to preserving or restoring the quality of the environment." It is a landmark policy that integrates labor and employment dimensions in the country's climate policy framework, enabling human capital development to ensure a just transition to a greener economy^[16].

The **Philippines NAP 2023-2050** highlights the critical need for adaptation financing to implement its ambitious agenda calling for "optimizing diverse financial resources while balancing considerations such as climate justice, the country's development goals, and the prevailing fiscal constraints".^[17] It emphasizes safeguarding livelihoods through social protection and scaling up nature-based solutions as key cross-sector adaptation strategies, pointing to some of the just transition-related considerations.

► Sectoral climate transition dynamics and associated socio-economic implications

According to the Compendium of Philippine Environment Statistics^[18], Energy (43.4%) and Agriculture (23.5%)—excluding Forestry and Other Land Use (FOLU), followed by Transport (12.8%) are the largest sources of GHG emissions in the country.

In line with the scale of the GHG emissions the Philippines' Nationally Determined Contribution (NDC) and the NDC Implementation Plan (NDCIP)^[19], the Energy, Agriculture, and Transport sectors account for nearly 90% of the country's emissions reduction targets, with 59.3%, 21.3%, and 6.8% of the total reduction commitments, respectively. It is notable that, according to the NDCIP, Energy and Transport sectors will require the most significant investment, accounting for 50.63% and 45.49% of the total financing needs, respectively.

► **Table 1: Commitments of GHG reduction per sector as per Philippine NDC (2021) and expected costs of required policies and measures^[a]**

Sector	GHG Emissions (2020, MtCO ₂ e)	% Total National GHG Emissions (2020)	GHG Reduction Commitment (2020-2030, MtCO ₂ e)	% Total GHG Reduction Commitment	Investment Cost (USD million)	% Total Investment Cost
Energy	99.9	43.38%	587	59.30%	36,455	50.63%
Agriculture	54.1	23.49%	211	21.31%	1,027	1.43%
Forestry and other Land Use (FOLU)	(25.9)					
Transport	29.4	12.77%	67	6.77%	32,758	45.49%
Waste	30.1	13.07%	66	6.67%	1,575	2.19%
Industrial Processes and product use (IPPU)	16.8	7.29%	59	5.99%	194	0.27%
Total (National GHG Emissions (CO₂e) w/o accounting for FOLU)	230.3	100%	990	100%	72,009	100%

In terms of climate change adaptation, the Philippines' National Adaptation Plan (NAP) 2023-2050 identifies several high-risk, climate-vulnerable sectors, including agriculture and fisheries, ecosystems and biodiversity, as well as energy and transport, among others. Moreover, the Philippines has long been incurring losses and damages due to climate change, particularly in the agriculture sector, which employs nearly 20% of Filipino workers^[20].

Based on an assessment of national plans, development priorities, GHG emissions levels, and guidance from the NDC Implementation Plan (NDCIP), as well as in line with the climate vulnerability of the Philippines, this report identifies Energy, Transportation, and Agriculture as the sectors most affected by climate transition dynamics in the near future.

These sectors are expected to undergo major transformations as part of the low-carbon transition, presenting significant investment needs. Notably, Energy and Transport will require the largest share of financing, accounting for 50.63% and 45.49% of total investment needs, respectively, according to the NDCIP. While these changes will bring substantial socio-economic impacts, including potential risks and disruptions, they also present opportunities for fostering a more equitable and sustainable economy.

The next sub-sections of the report aims to provide an analysis of the low-carbon transition in the three key sectors, drawing from national and sectoral strategies; highlight examples of prominent socio-economic impacts resulting from these transformations; point at investment needs and opportunities, highlighting areas where financing can drive meaningful change; and share insights into the prominent social implications of the transition, emphasizing key risks to manage for societal well-being and considerations that may be material to financial institutions. By outlining these elements, the report aims to support financial institutions, policymakers, and other stakeholders in aligning investment flows with sustainable and just transition objectives, ensuring that economic transformation is both climate-resilient and socially inclusive.

^[a] While the NDC and the NDCIP are reliable gauge of climate action, a caveat must be made that the Parties to the UNFCCC are expected to submit updated NDCs in 2025, which means that the Philippines commitments, including the sectors indicated, may change. A recalculated GHG reduction potential and a re-evaluated investment cost, more accurate representations, could change the landscape of the country's commitments by 2025.

Energy sector

The energy sector distinguishes itself as the country's largest contributor of GHG emissions at 43.48% of total GHG emissions.^[21] This is a trend shared by the Philippines with the world, which is why low carbon transition efforts have been mostly driven by discussions in the energy sector. It also explains why the energy sector has the largest GHG emissions reduction and avoidance commitment from the country at 59.30% of total commitments.^[22]

The targets for renewable energy share in the power generation mix are perceived as aggressive, as they aim for 35% by 2030, 50% by 2040, and more than 50% by 2050 (compared with 2023 levels of 22.3%)^[23]. These correspond to an estimate of nearly 1.2 million new jobs generated by 2050 through the construction, operation, and maintenance of renewable energy technologies, with Solar and Wind energy facilities contributing around 388,000 and 767,000 new jobs, respectively.^[24] Notwithstanding this, the energy sector has yet to commit to a net-zero emissions target in pursuit of sufficient, reliable, and equitable energy for all Filipinos.

The Philippine Energy Transition Program (ETP), led by the Department of Energy (DOE), is guided by the Philippine Energy Plan 2023-2050.^[25] The Plan outlines the following 3 key development priorities to be considered alongside climate action commitments: (i) Equitable Energy, which includes access, affordability, and economic empowerment; (ii) Security of Energy Supply, which includes sufficiency, and reliability; and (iii) Sustainable Energy, which includes energy efficiency and GHG reduction.^[26]

The national priorities and sector transition strategies, derived from the Philippine Energy Plan 2023-2050, are outlined in the box below. These are organized in groups along the axes of scaling up green and low-carbon activities, transitioning high-emitting and hard-to-abate activities, and enhancing society's resilience and adaption to the unavoidable effects of climate change.

► Box 3: Energy sector low-carbon transition dynamics^[27]

Scaling up green and low-carbon economic activities	Transforming high-emitting and hard-to-abate activities	Adaptation and resilience building activities
• Deployment of renewable energy projects, especially offshore wind • Increase of biodiesel blend • Promotion of energy efficiency and conservation measures • Championing mining and manufacturing of green materials	• Voluntary retirement and repurposing of existing coal fired power plants	• Adoption of resilient and climate-proof energy infrastructure (i.e. Smart and Green Grid Plan, port infrastructure to support OSW).

A more detailed analysis of the sectoral climate transition dynamics and their potential social implications of relevance for the financial sector actors can be made by examining two key processes:

- The deployment of renewable energy (RE) projects, particularly in solar and offshore wind energy, and
- The voluntary retirement and repurposing of existing coal-fired power plants (CFPPs).

Deployment of renewable energy projects

The transition to a low-carbon energy system in the Philippines is centered on scaling up solar and offshore wind energy. By 2050, the country aims for 35 GW of solar and 50 GW of offshore wind capacity, a significant leap from the 2022 levels of 1.5 GW for solar and virtually none for offshore wind. These ambitious targets require an equally aggressive and well-managed transition strategy.

The RE continues to dominate the pipeline of new power projects^[28]. This rapid deployment of RE projects is expected to create hundreds of thousands of green jobs, not only for domestic workers but also for

returning Overseas Filipino Workers (OFWs) with relevant skills. While this shift could reduce remittance inflows, it will also ease the social costs associated with labor migration.

In addition to direct employment creation, the RE transition is expected to stimulate new supply chains for materials, components, and equipment, some of which may be locally sourced or developed. The development of offshore wind, with an estimated technical potential of 178 GW, is expected spur supply chain growth to meet the upcoming investments and upgrades in port infrastructure, and developing local manufacturing capabilities and establishing facilities for producing turbines, foundations, and other critical parts.^[29] This is expected to further benefit local businesses, workers, and communities by expanding employment and economic opportunities. Beyond that at the project level, RE developments would create localized economic growth due to small businesses and service providers catering to workers' needs, such as sari-sari stores, carinderias, and rental housing. This creates additional livelihood opportunities for local communities, particularly women engaged in micro-entrepreneurship. Expanding trade finance and working capital solutions to local suppliers of RE materials will help integrate local businesses into the RE transition, creating new revenue streams for banks.

The deployment of RE at the expected scale requires specific skills. To address this, reskilling and upskilling programs must be prioritized to equip local workers with the competencies needed across all phases of RE deployment, from construction to operations and maintenance. Lack of attention to this matter will have a negative influence on the speed of RE deployment and profitability of operations. Education and vocational training loan products can complement national skills development programs and support the access to employment.

In addition, the RE sector is currently male-dominated, reflecting the current global trend, with 21% female employees and compared to 79% male employees.^[30] Ensuring equitable access to training and employment opportunities is critical and is expected to contribute to empowerment, improved wealth accumulation among women and young workers.

However, the demand for immediate roll-out of RE projects raises concerns about decent work standards, particularly in terms of job security, fair wages, and respect of labor rights that need to be considered to avoid any business interruptions and impacts on profitability of these operations.

Moreover, the urgency to meet RE targets may lead to a rushed deployment process, exacerbating risks related to community displacement and inadequate stakeholder consultation. In the past, large infrastructure projects in the Philippines have faced land conflicts—a challenge that could resurface with large-scale solar farms, which require vast tracts of land. This may affect small landowners, agrarian reform beneficiaries, and Indigenous Peoples whose ancestral domains overlap with project sites. If land disputes escalate, they could result in forced evictions or conflicts, delays in project implementation and business interruptions. For offshore wind projects, local fishing communities may face restricted access to traditional fishing areas, leading to livelihood disruptions.

Additionally, large-scale RE projects may also have environmental trade-offs, such as deforestation or land clearing for solar installations or disturbance of marine ecosystems due to offshore wind infrastructure.

Financial institutions financing RE projects face reputational risks and potential project delays if land rights and social impact considerations are not properly addressed. Strengthening ESG due diligence, by further integrating social factors, stakeholder engagement, and social safeguards will be critical.

Voluntary retirement and repurposing of coal-fired power plants

The Philippine Energy Plan 2023-2050 outlines a gradual phaseout of coal-fired power plants (CFPPs), with 3,600–4,803 MW of coal capacity expected to be retired between 2023 and 2050. This phaseout is central to the decarbonization strategy, but it presents significant labor and socio-economic challenges.

The closure of CFPPs will result in job losses, particularly for highly specialized technical workers who have spent years in the industry. While some may qualify for early retirement, others may face forced job shifts, causing economic and financial stress. The loss of employment not only affects individual workers but also their families and communities that depend on the stability of CFPP jobs. This will put to a test the effectiveness of labor transition mechanisms. While legal protections such as severance pay and unemploy-

ment insurance exist, their adequacy in bridging workers to new employment or preventing them from falling into poverty remains a key concern. Beyond direct employees, local businesses and SMEs that have long provided goods and services to CFPPs could experience economic downturns, potentially leading to business closures and job losses. This could lead to higher business loan defaults and reduced economic activity in affected communities. Financial institutions in the affected areas might consider developing strategies to support economic diversification.

Without effective reskilling and redeployment programs, household incomes will decline, increasing loan delinquencies and weakening consumer credit markets. This creates risks for financial institutions with high exposure to consumer loans, mortgages, and small business financing in affected regions.

The eventual closure of CFPPs could also decrease the internal revenue or taxes collected by local governments from the business operations of CFPPs, which leads to smaller pool of resources for local communities. This could also weaken regional economic stability, increasing the likelihood of loan defaults from businesses reliant on CFPPs.

Given these socio-economic ripple effects of the energy sector transformation, consultation with affected workers, and businesses is crucial. Transparent and participatory decision-making can help mitigate risks, enhance social equity, and prevent economic displacement. Policymakers can also consider how to support local economies affected by coal plant closures, whether through development in alternative industries, targeted investments, or economic diversification strategies. For the financial sector, leveraging the insights of workers' and business organizations can enhance the ability to anticipate transition-related challenges and provide financial solutions that meaningfully support the transformation process.

Financing the energy transition

Energy, out of the 3 sectors discussed in the report, benefits from the most accessible, as far as the deployment of renewable energy production is concerned. The Philippines took specific measures to create enabling environment for the industry development, sharing and managing perceived investment risks and attracting various types of capital providers. They include:

- Allowing 100% foreign ownership for projects focusing promotion, exploration, development, and utilization of the country's RE resources, attracting international funds;
- Establishing a sovereign guaranteed instrument for financing sustainable energy projects through the Sustainable Energy Credit Guarantee Facility of the Philippine Guarantee Corporation, operating since 2014^[31].

Between 2010 and 2023, the Philippines has invested a total of USD 11 billion in renewable energy projects^[32]. The majority of clean energy financing in the country has been provided by the Philippine banking sector, deeply connected with non-financial corporations in local-family-owned mixed conglomerates. Through their various subsidiaries in infrastructure, power sector, banking and investment funds, these conglomerates have financed over half of the renewable energy capacity in the Philippines. Overseas lenders and international banks have a limited presence, participating with local counterparts where the supply chain has an international element, either equipment or ownership. Liquidity is not considered to be an issue as banks in the Philippines are well capitalized^[33]. Hence, project finance is usually successfully deployed in cases where projects have large ticket sizes and involve a diverse profile of developers. The Asian Development Bank (ADB) in the Philippines has also been supporting clean energy projects in multiple ways, including through issuing green energy project bonds and guarantees. The ADB also introduced the Energy Transition Mechanism (ETM) in 2021, a regional collaborative initiative to finance early phase-out of coal across Asia and the Pacific.

Given the small-scale nature of energy-efficiency projects and high transactional costs, commercial lending plays lesser role in energy efficiency finance^[34]. The Philippines aims for an additional 23 GW grid connected renewable energy capacity between 2024 and 2030, that will require over USD 26 billion in finance.

Access to finance for individuals interested in energy efficiency projects in the Philippines however faces challenges. Despite the presence of 421 thrift, rural and co-operative banks^[35], an OECD survey reveals that

access to finance at retail level remains low^[b]. This could be due to strict loan screening criteria, high margins for retail customers, low demand, and a lack of dedicated financial instruments tailored to households and individual loans.

For financial institutions, the energy sector transition in the Philippines presents both investment opportunities and emerging social and environmental risks.

Key opportunities include financing renewable energy projects and their associated supply chains, supporting economic diversification in coal-dependent communities, and expanding trade finance and working capital solutions to green MSMEs and SMEs shifting away from fossil fuel-related contracts. Financial institutions can also support an inclusive transition by enabling reskilling and upskilling through education loans and training-linked financial products, helping build the talent pipeline for the clean energy economy. Gender-responsive financial products—for example, those tailored to women-led microenterprises and job seekers—can both promote women's economic empowerment and expand access to a high-potential, underserved client segment. In addition, there is an untapped opportunity to support individuals' energy efficiency efforts through tailored consumer loans and microfinance products, contributing to emissions reductions while expanding the customer base for financial institutions in a growing green market segment. Meanwhile, insurance products, including those covering business interruption due to climate events or transition-related disruptions, can help de-risk investments and enhance supply chain resilience.

However, the transition may also pose sustainability-related challenges with financial implications. Financial institutions must enhance their sustainability management systems to incorporate relevant social and environmental dimensions into risk assessment and portfolio strategies. On the social impact side, this includes proactively addressing land, human and labor rights concerns, including stakeholder perspectives, understanding related employment dynamics and environmental trade-offs. The integration of environmental and social risk management frameworks and positive impact intentionality into transition finance mechanisms will also be essential to ensure compliance and avoid costly project delays or business disruptions and to safeguard institutional reputation.

Transport sector

The transport sector emits 12.77% of total country's GHG emissions^[36] making it the second-largest emitter after agriculture (once emissions from forestry and other land use are adjusted). It also has the highest share of the country's energy consumption, representing 34.8%^[36].

The [Philippine Energy Plan 2023-2050](#) explicitly recognizes the need to explore mitigation measures in the transport sector alongside broader decarbonization efforts in the energy sector. Despite having lower overall emissions compared to energy, transport presents unique challenges for decarbonization. Its various sub-sectors - road, rail, maritime, and aviation- each have distinct concerns. Additionally, the sector's diverse end-users and its workforce of approximately 4 million people^[37] further complicate the transition.

The flagship initiatives related to the decarbonization of the sector, led by the Department of Transportation (DOTr), focus on adoption of Electric Vehicles (EV) and the public transport modernization.^[38] To support EV adoption, the government has enacted the Electric Vehicle Industry Development Act (EVIDA), a demand generation measure, aligned with the clean energy scenario targets aiming to reach 2.4 million EVs in 2023-2028, 1.8 million in 2029-2034, and 2 million EVs in 2035-2040.^[39] The Public Transport Modernization Program (PTMP)^[b], which faced delays due to lack of genuine consultation and transition mechanisms for stakeholders^[40], has recently gained traction. To address stakeholder concerns, the DOTR introduced support mechanisms the Tsuper Iskolar Program and EnTSUPERneur Program.^[41] Additionally, subsidies for procuring electric public transport vehicles have been refurbished, which ranges from PHP 210,000 to PHP 600,000 (or USD 3,600 to USD 10,300).^[42]

The following national priorities and transport sector transition strategies, derived from the NDC Implementation Plan and the DOTR's presentation during the Just Transition Program Kick-off Forum^[43], are outlined in the box below. They are organized in groups along the axes of scaling up green and low-carbon activities, transitioning high-emitting and hard-to-abate activities, and enhancing the society's resilience and adaptation to the unavoidable effects of climate change.

^[b] formerly Public Utility Vehicle Modernization program (PUVMP).

► **Box 4: Transport sector low-carbon transition dynamics^[44]**

Scaling up green and low-carbon economic activities	Transforming high-emitting and hard-to-abate activities	Adaptation and resilience building activities
• Adoption of electric vehicles • Expansion of railways • Implementation of Green Ports project (port decongestion, expansion, and digitization) • Deployment of low-carbon ferry systems	• Implementation of Public Transport Modernization Program (PTMP) • Expansion of bus rapid transit (BRT) and busway project • Modernization of maritime fleet • Decarbonization of the freight sector through cargo and freight rail infrastructure • Adoption of sustainable aviation fuels	• Introduction of greenways • Expansion of active transport networks

A more detailed analysis of the sectoral climate transition dynamics and their potential social implications of relevance for financial sector actors can be made by examining two key processes:

- The adoption of electric vehicles (EVs), and
- The implementation of the Public Utility Vehicule Modernization Program (PUVMP) / Philippine Transportation Modernization Program (PTMP).

Together, these offer a real-time case study of how transport decarbonization plays out in a developing economy context, highlighting both risks and opportunities for financial institutions. When well-financed and inclusively implemented, they have the potential to increase productivity, reduce inequality, and enhance urban connectivity. In addition, transport modernization contributes directly to climate resilience, improved air quality in cities, generating economic value over time. However, while the programs aim to deliver long-term sustainability benefits, they can also bring with it short- and medium-term social impacts, particularly for informal and low-income stakeholders, such as jeepney drivers and small-scale operators, who face heightened vulnerability during the transition.

Adoption of electric vehicles (EVs)

The transition to low-carbon mobility is being driven by the Electric Vehicle Industry Development Act and the Comprehensive Roadmap for the Electric Vehicle Industry (CREVI), which targets a 50% EV share in the national vehicle fleet and over 6.3 million EVs and 147,000 EV charging stations by 2040^[45]. Although promising, this transition presents nuanced social, employment and financial implications that must be proactively managed^[c].

EV deployment is expected to generate only around 42,000 net green jobs by 2040^[46], a modest number compared to the energy sector. Workers skilled in EV operation, maintenance, repair of EV vehicles, charging stations and infrastructure can benefit from immediate employment gains, but reskilling of traditional automotive workers and underrepresented groups, such and women, will be critical to meet the ambitious transition targets, to avoid displacement and ensure that the labor force evolves in line with sectoral demands.

The shift to EVs will also bring structural changes across supply chains. New business opportunities will arise in the production and servicing of EV components, emissions testing, battery management, and clean transport services. Conversely, the decline of internal combustion vehicle (ICV) markets may result in business interruption risks for traditional vehicle service providers, including SMEs dependent on non-EV sales, repairs, and parts distribution. These sectors face depreciating asset values, lower future cash flows, and potential credit downgrades for existing loans backed by soon-to be-obsolete assets.

Furthermore, without a parallel strategy for phasing out non-EVs, market incentives may disproportionately benefit households and enterprises that already have the capital to invest in EVs. Middle- and lower-income consumers, and SMEs, may be left behind, creating equity and affordability gaps in access to cleaner transport. Those who have recently purchased conventional vehicles could incur sunk costs, further discouraging early adoption of EVs.

^[c] As a reference point, the automotive industry has recorded around 10,000 EV units sold in 2023 and around the same number by mid-2024, representing a 3-4% share of total vehicle sales. [Link](#)

These dynamics also present broader systemic risks. Uneven EV adoption combined with delayed ICV phase-out may lead to increasingly congested and inefficient urban road networks, negatively affecting operations of logistics businesses and other transportation related activities, public well-being and productivity.

Implementation of the public utility vehicle modernization program (PUVMP) / Philippine transportation modernization program (PTMP)

The Philippine Public Utility Vehicle Modernization Program (PUVMP) and the broader Philippine Transportation Modernization Program (PTMP) are flagship government initiatives aimed at decarbonizing and improving the quality of public transportation. These programs involve the phaseout of high-emission vehicles and the transition to cleaner, safer, and more efficient mobility systems. Key action areas include route rationalization, fleet consolidation, franchise restructuring, and the integration of modern vehicles and infrastructure^[47]. The updated 2023 PTMP guidelines explicitly recognize the need for a just transition, emphasizing that the welfare of workers and commuters must be prioritized^[48].

This section presents the transition dynamics and social considerations associated with the PUVMP/PTMP. While it is not meant to be an audit of the government program, it highlights social issues, realized or potential, to be mindful of. These include:

- Loss of livelihood, worker displacement and vulnerability affecting drivers and operators unable to comply with modernization requirements. Franchise revocation becomes a real threat for those lacking the means or organizational support to transition. Several factors increase vulnerability, including lack of capital to purchase modern vehicles, inability or unwillingness to consolidate with others, changes to routes that eliminate or alter livelihoods.
- Financial burden of the cost of transitioning to a modern fleet on already precarious actors: jeepney drivers tend to operate on narrow margins, contending with volatile fuel prices, bureaucracy in fare adjustments, limited access to affordable credit. For many, modernization entails taking on long-term loans, and/or exposure to unsustainable financing terms often without the financial literacy or security needed to manage such commitments. Without targeted financing support mechanisms, small operators risk exiting the sector, ceding ground to larger, better-resourced players. The presence of workers' organizations and willingness to consolidate operations with others plays a crucial role. Organized drivers may access broader financing options, navigate regulatory requirements more effectively, and gain support during consolidation. Thus, organizational affiliation is a key factor in enabling a fair transition.

Beyond direct transport actors, the transition also affects surrounding informal economic ecosystems, such as micro-enterprises like sari-sari stores and carinderias, dependent on existing terminal hubs. Relocation and formalization of terminals could threaten their viability unless inclusive economic planning is pursued. At the same time, new opportunities may arise if small enterprises are integrated into modernized networks.

Mobilizing finance for low-carbon transport

The financial sector is essential to advancing transport decarbonization while managing its social and environmental implications. Despite increasing attention to financing energy transitions, there remains a significant gap in understanding and funding low-carbon transport, especially for socially inclusive models like PTMP and small-scale EV adoption.

The Philippines has also introduced some low-carbon transport transition projects as part of its NDCs. Many of these initiatives are capital intensive, such as railway projects, and are carried out by national government agencies. Key funding sources include multilateral banks and development partners. In the case of the Philippines, most of the railway projects are financed by the Japan International Cooperation Agency (JICA), followed by the Chinese government. Similarly, the Bus Rapid Transit (BRT) system is backed by the World Bank.^[49] The country also has railway projects funded under Public-private partnership (PPP) arrangements, primarily financed by private banks such as RCBC, Security Bank, First Metro, Bank of America Merrill Lynch, and Standard Chartered Bank. However, banks do not have significant history of lending to clean transportation projects.^[50]

In contrast, smaller-scale and socially critical projects, such as jeepney modernization, which is part of the Philippines' NDCs and estimated at PHP 400 billion, face a financing gap. Private banks consider small transport cooperatives not creditworthy, and few have a track record of lending to clean transport projects^[51]. Although green bonds present a potential avenue, only one of the three banks issuing green bonds in the Philippines has allocated funds toward clean mobility, highlighting a disconnect between climate financing and transport decarbonization priorities.

For financial institutions, the transportation sector transition in the Philippines presents both promising investment opportunities and emerging social and environmental risks.

- The modernization of fleets and the adoption of electric vehicles (EVs) open new areas for capital deployment, particularly in support of public transport cooperatives, logistics companies, and jeepney operators transitioning to electric and hybrid fleets. Financial institutions have an important role to play in structuring partnerships and offering affordable and inclusive financing solutions that facilitate this shift. Another area is supporting projects related to charging and reconstruction of depots, buildings, and other facilities needed to accommodate EV charging platforms.
- Another critical area is workforce reskilling. As the transport sector evolves, education and vocational training programs, developed in collaboration with public institutions and cooperatives, will be essential to ensure that workers, including drivers and mechanics, are equipped to adapt to new technologies and benefit from emerging job opportunities.
- Digital innovation also presents avenues for impact. Financial institutions can contribute by financing platforms that enhance fare collection systems, improve fleet management, and provide microloans to transport operators, particularly those historically excluded from formal financial services.

While the transition brings innovation and long-term impact potential, it also introduces a new set of risks. Proactively understanding these social, environmental, and transition-related risks is crucial for financial actors aiming to safeguard long-term value and generate positive social impact via their core operations.

- One major concern is the potential for livelihood loss and exclusion. Operators who lack the capital to modernize, are unwilling or unable to consolidate operations, or face other structural vulnerabilities risk losing their franchises and income. This is especially pronounced among informal actors who lack organizational backing. Additionally, the relocation or formalization of transport hubs may disrupt the livelihoods of micro-enterprises, such as sari-sari stores and carinderias, that depend on the existing jeepney ecosystem.
- The transition also affects asset values. Internal combustion vehicles (ICVs) are likely to depreciate rapidly in the evolving market, which could compromise the value of collateral and also increase the risk of non-performing loans (NPLs) in lenders' portfolios.
- Furthermore, the transport sector transition may introduce labor-related risks. Without adequate stakeholder consultation and efficient management of labor impacts, projects may suffer from implementation delays, social backlash, or even borrower default. This underscores the need for measures to promote decent work, gender inclusion, and access to social protection throughout the transition process.
- Lastly, the environmental implications of EV adoption must not be overlooked. The production and disposal of EV batteries raise concerns related to transition mineral sourcing, land use, and waste management. Without effective governance and oversight, these issues may expose financiers to long-term environmental liabilities and reputational risks.

Agriculture sector

The agriculture sector in the Philippines is responsible for 23.5% of total GHG emissions, excluding offsets from forestry and land use. It is the second-highest sector in terms of national commitment to emission reductions, accounting for 21.3% of total reduction targets, as stated in the NDC 2021.

Agriculture is highly vulnerable to climate change, facing an intensifying cycle of extreme rainfall and extreme heat year after year. These challenges threaten food security, rural livelihoods, and country's overall economic stability. However, agriculture remains a critical livelihood source, especially in rural areas where economic opportunities are scarce. The sector employs nearly 9.5 million Filipinos, representing 20% of the national workforce^[52], yet it has contributed only 7-9% to the GDP in recent years.^[53]

Unlike other high-emission sectors, the primary concern for agriculture is not just decarbonization but improving climate resilience and adaptation. Farmers, who represent a significant portion of the country's workforce, along with the broader population, are particularly exposed to both the physical risks of climate change and the socio-economic impacts of decarbonization strategies in the sector.

The Para sa Masaganang Bagong Pilipinas 2024-2027 roadmap^[54] specifically focuses on food security, while transforming the sector into a productive and profitable industry through modernization and climate resilience as core strategies.

Similarly, the Philippine Development Plan 2023-2028^[55] is developed with food security in mind and integrates climate change adaptation strategies, such as: adoption of climate- and disaster-resilient crop and livestock varieties, water-saving irrigation systems, soil erosion control technologies, controlled-environment crop production systems; and development of innovative digitalized insurance mechanisms to protect farmers from climate-induced losses^[56]. Additionally, the Philippine NDC refers to potential mitigation options, such as the use of renewable energy in agriculture and the use of nature-based and climate-smart solutions.^[57]

In conclusion, while agriculture is a significant GHG emitter, the policy focus remains on adaptation and resilience-building, ensuring that climate transitions do not jeopardize food security or rural livelihoods. Moving forward, a balance between climate-smart adaptation strategies and progressive emission reduction efforts will be critical in shaping a sustainable and climate-resilient agricultural sector.

The national priorities and agriculture sector transition strategies, derived from the NDC Implementation Plan and the Philippine Development Plan 2023-2028, are outlined the box below. They are organized in groups along the axes of scaling up green and low-carbon activities, transitioning high-emitting and hard-to-abate activities, and enhancing the society's resilience and adaption to the unavoidable effects of climate change.

► Box 5: Agriculture sector low-carbon transition dynamics^[58]

Scaling up green and low-carbon economic activities	Transforming high-emitting and hard-to-abate activities	Adaptation and resilience building activities
Use of renewable energy for flood control and water management systems in paddy rice cultivation.	- Use of nature-based solutions and breeding interventions in livestock-enteric fermentation. - Use of alternate wetting and drying, cropland management, precision agriculture, and biotech crops to reduce nitrous oxide emissions from annually cultivated soils.	Adoption of climate- and disaster-resilient technologies (improved varieties and breeds of plants and animals, water-saving irrigation systems, soil erosion control technologies, and controlled environment crop production systems).

The agriculture sector in the Philippines is undergoing a critical adaptation-focused transition, centered on the adoption of climate- and disaster-resilient technologies to enhance long-term productivity and food security. This shift, unlike the decarbonization-driven transitions in the energy and transport sectors, prioritizes resilience and protection of livelihoods from the growing risks of climate change.

At the policy level, the Department of Agriculture's Adaptation and Mitigation Initiative in Agriculture (AMIA), through its Climate Resilient Agriculture Office, outlines a program that includes investments in agricultural R&D, irrigation systems, and reductions in post-harvest losses^[59]. Within this framework, technology adoption is seen as a key lever for adaptation. Climate-resilient technologies promoted under the AMIA program span seed varietal improvements, soil fertility and water management, crop protection, and integrated "stacked" solutions tailored to local needs.^[60]

When strategically implemented, these technologies can reduce crop loss from extreme weather events such as droughts, floods, and typhoons, improve soil fertility, collection and usage of water, while addressing slower-onset changes such as sea-level rise and salinization. The result can be more stable and predictable harvests, improved productivity and livelihoods for farming communities, and a more secure and sustainable agricultural value chain. Beyond on-farm impacts, a successful transition can support upstream and downstream enterprises, bolster food processing and supply chains, and improve rural employment outcomes.

While the transition to climate-resilient agriculture presents clear benefits, it also has social impacts, particularly for small-scale and resource-poor farmers. The primary challenge is the cost of adoption. Many farmers lack the capital to invest in new inputs or technologies, especially those who have already committed funds to non-resilient tools or infrastructure. These sunk costs may deter further investment, particularly without sufficient public subsidy or financial support mechanisms.

Additionally, skills and knowledge gaps present barriers. Traditional farmers, unfamiliar with digital tools or precision technologies, may struggle to determine the most suitable options for their farms. This knowledge gap can lead to poor adoption outcomes or exclusion from emerging government support programs. Without targeted outreach, demand incentives may primarily benefit more connected or better-resourced farmers, leaving behind others who are unable to transition.

The potential consequences of exclusion go beyond economic loss. In extreme cases, farmers may be forced to exit the sector entirely or migrate to urban areas in search of alternative livelihoods, further straining already vulnerable communities. There are also cultural and ecological risks. Abrupt shifts to modern inputs may lead to the loss of traditional farming practices, indigenous knowledge, heirloom seed varieties, and community-based farming practices that hold value for long-term adaptation and biodiversity preservation. Ultimately, biodiversity and ecology could also be put at risk if the new more-adaptive technologies are not aligned with the local flora and fauna as well as ecosystems in various farming communities, which could also have a negative impact on food security and other aspects of climate resilience beyond the specific needs of agriculture.

Enabling resilient agriculture through finance

Access to finance for the agriculture sector has historically been a challenge. Low loan participation has been traced to be caused by the lack of credit history of most farmers due to their infrequent income dependent on harvest cycles which makes their creditworthiness difficult to assess, inability to monitor end-use of the loan, and unpredictable weather conditions which cause billions of losses. This climate vulnerability increases the perceived risk of agricultural lending, limiting the flow of capital from private institutions.

While there exist various agricultural and nonagricultural insurance offerings by the government-led Philippine Crop Insurance Corporation, such as those for rice crop, corn crop, high-value crop, livestock, fisheries/aquaculture, non-crop agricultural asset, and even credit and life term insurance for farmers, the increasingly frequent and severe adverse climate impacts serve as deterrent to private insurance companies in engaging with agricultural insurance and further widening the options for financial protection^[61].

The government of the Philippines has made efforts to improve the flow of capital to the sector from the private sector through the Agri-Agra Reform Credit Act of 2009, which mandates banks to allocate 25% of their loanable funds to agriculture, with at least 10% for agrarian reform beneficiaries and 15% for other agricultural activities provided in credit and loans. The Agriculture, Fisheries and Rural Development Financing Enhancement Act of 2022^[62] ("AFRD Financing Enhancement Act"), that replaced the Agri-Agra Reform Credit Act, maintains the 25% requirement and broadens the focus on promoting sustainable

agriculture, fisheries and rural development across value chains through an expanded range of financial products to investments, grants, insurance, bonds and guarantees. While comprehensive data on the total loans allocated to the agricultural sector in 2023 are not readily available, some organizations have reported their contributions. For instance, the Land Bank of the Philippines (LANDBANK) disclosed that it had extended PHP 844.2 billion in loans to the entire agricultural value chain by Q1 of 2025.^[63] The Rural and Cooperative Banks have particularly been very supportive of the agricultural sector in 2023, dedicating 18% of their total loan portfolio to agriculture. In contrast, its counterparts, including the commercial and universal banks, thrift banks, and digital banks, allotted only 0 – 3% of their total loan portfolio to the agriculture sector.^[64]

Even where mandates exist, compliance often focuses on large-scale or safer segments of agriculture, sidelining the very farmers most in need of transition finance. With regard to the supply side of financing, not all banks have the specialized, technical and institutional capacity to quantify, measure and mitigate risks related to agricultural financing. Although some green bonds have been issued in the Philippines, few have allocated funds to agriculture, revealing a disconnect between climate finance flows and adaptation needs in this sector.

To effectively support the agricultural transition and contribute to national food security and climate resilience goals, financial institutions must address both the sector's investment needs and its inclusion and sustainability imperatives. This involves designing financial products that reflect the unique characteristics of agricultural cash flows, risk profiles, and the diverse needs of farmers. Flexible credit instruments, weather-indexed insurance, and blended finance models that combine public and private capital can improve the risk-return profile of investments in new technologies. Loan guarantees and concessional finance mechanisms can also help extend credit to farmers and cooperatives that are typically excluded by conventional risk assessments.

Beyond capital provision, financial institutions can enhance their impact through bundled financial products that integrate microloans, savings, and insurance with capacity-building initiatives. Strategic partnerships with government agencies, agricultural cooperatives, and training providers can support farmer education, financial literacy, and local demonstration projects. These efforts reduce knowledge barriers, strengthen trust, and accelerate the adoption and effective use of climate-resilient technologies.

Digital financial and payment platforms offer transformative potential. By leveraging alternative data for credit scoring, cash flow monitoring, and usage tracking, these tools can help establish financial track records for previously unbanked farmers. Digital platforms can also streamline loan disbursement, facilitate product subscriptions, and enable timely insurance payouts. In doing so, they not only promote financial inclusion but also contribute to long-term financial resilience and creditworthiness across the sector.

As financial actors expand their engagement in agricultural transition, they must remain vigilant to potential social and environmental risks. The introduction of new technologies, crops, or farming practices without adequate consideration of ecosystem compatibility, cultural knowledge, or occupational safety and health (OSH) impacts may create new vulnerabilities. A responsible approach grounded in local realities, inclusive planning and responsible lending practices, is essential to ensure that the shift toward climate-resilient agriculture delivers sustainable and equitable outcomes.

► Mapping of the financial sector in the Philippines

The role of financial sector in promoting a just transition

The financial sector, including banks, microfinance institutions, investors, and insurance companies, can play a pivotal role in advancing a just transition and do so as a part of its core operations, as well as sustainable finance practices.

By directing capital toward green technologies, adaptation solutions, and innovative businesses, financial institutions can mobilize the necessary resources for climate action - from both public and private sources, thereby accelerating the transition. At the same time, sustainable finance products and practices can serve to incentivize businesses to transform their operations, adopt sustainable practices, and align with climate goals while actively supporting decent work and supporting communities affected by economic transitions. Insurance solutions, as a tool for managing the interlinked environmental challenges and their implications on people and businesses, can also contribute to enhancing societal resilience. Moreover, by extending green retail finance and microfinance solutions to underbanked and vulnerable populations, including groups and communities directly affected by the transition, financial institutions can ensure these stakeholders are not left behind but are empowered to participate in and benefit from the low-carbon transition.

As central intermediaries in the economy, financial service providers are inherently exposed to both climate risks and transition risks through their client and investment portfolios. This exposure is largely shaped by the economic activities and practices of the businesses they finance, yet they also have the power to drive positive change by influencing business practices of their customers. In the context of the Philippines, where climate vulnerability is high and the banking system is closely tied to domestic real economy actors, the financial sector faces substantial risks from climate change. These include both risks from the effects of climate-related natural disasters (i.e., physical risks such as typhoons, landslides, floods, droughts) and transition risks closely related to the country transition strategies, especially the transformation of the coal-based power generation industry. Various ESG considerations are now widely recognized as material to financial performance, underscoring the need for financial institutions to better integrate both social and environmental factors and impacts into decision-making processes.

Beyond risk management and social responsibility, adopting a just transition lens allows financial institutions to unlock emerging growth opportunities in sustainable finance, impact investing, and green innovation. By embedding social and environmental considerations into financial flows, the sector can serve as a catalyst for inclusive and sustainable economic progress, ensuring that the transition to a greener economy benefits all and leaves no one behind.

Given the banking sector's dominant role in the Philippine financial system and its centrality in financing key transition sectors, this mapping exercise will primarily focus on its practices, policies, and initiatives.

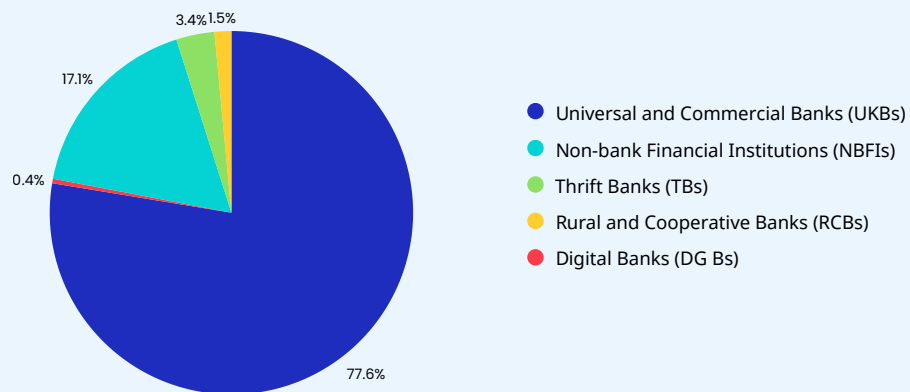
The Philippine financial sector landscape

Financial service providers

The Philippine Financial System is composed of the banking and the non-banking financial institutions (NBFIs), with the banking sector playing a dominant role, accounting for 82.4% of total financial system assets as of 2023 data^[65]. While banks are the primary source of capital for corporate actors, NBFIs remain essential for retail customers, as well as for providing alternative financial services such as asset management, insurance, and microfinance.

► Figure 1: Resource distribution of the Philippine financial system out of a total of PHP 34,084.5 billion, as of the end of 2024^P (excluding the Bangko Sentral ng Pilipinas)^[66]

Total Resources of the Philippine Financial System, in billion Philippine pesos; as of the end of 2024 (excluding the Bangko Sentral ng Pilipinas (BSP))



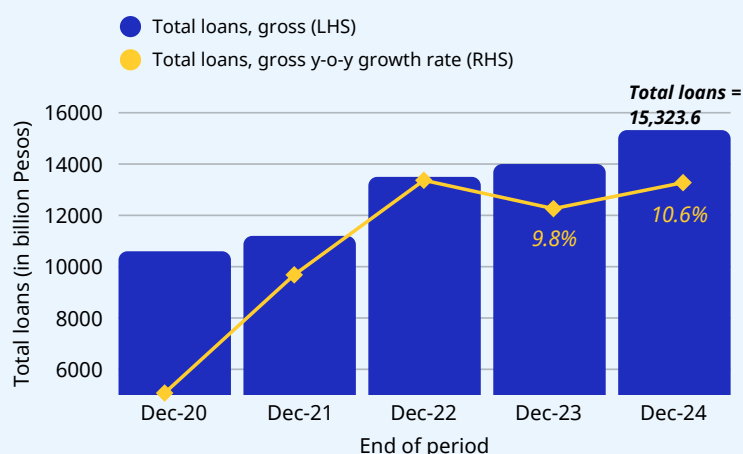
The **Philippine banking sector** is composed of four subgroups, classified by the type of financial services offered and their target customers:

- **Universal and Commercial banks (UKBs):** 44 banks, holding 94%^[67] of the banking system assets. The UKBs in the country are the most accessible points of access to capital that offer diversified sustainable financial service products in the banking system, including insurance and investment banking service provided by universal banks only. Benefitting from the most extensive branch network and advanced technological integration, they offer convenient access to financial services to their clients.
- **Thrift banks (TBs):** 41 entities provide home loans, and other short- to medium-term credit solutions to retail customers and for small businesses.
- **Rural and Cooperative banks (RCBs):** 383 banks focus on customers in rural areas, providing access to financial services, and promoting local economic development.
- **Digital banks:** a comparatively recent segment of 6 banks, established post-COVID-19 pandemic in response to digital technology development and changing customer preferences.

The top 10 universal and commercial banks by assets are BDO, Land Bank of the Philippines, Metrobank, Bank of the Philippine Islands, Chinabank, RCBC, Philippine National Bank, Security Bank, Union Bank, and Development Bank of the Philippines. Among the 10 biggest banks 2 are state owned. 7 of the largest Philippine UKBs with combined 60% of the banking sector's assets are parts of large conglomerate business networks. This results in a strong concentration of banking activities of these entities within their affiliated corporate networks.

Philippine commercial banks operate under a traditional banking model centered on deposit-taking and loan disbursement, with interest income remaining the primary revenue source. As of December 2024, total loans in the banking system reached PHP 15.3 trillion, reflecting a 9.8% increase year-on-year despite tight financial conditions. Overall, the total loans in the country have been increasing since 2020. This sustained growth underscores the resilience of the sector and the continued reliance on interest-driven financial intermediation. Universal and commercial banks (UKBs) maintained their dominant position, accounting for 92.7% of total loans, equivalent to PHP 14.2 trillion^[68].

► Figure 2: Philippine banking system's total loans (in billion pesos as of end periods)^[69]



Given the dominance of Universal and Commercial banks, and their close ties to non-financial corporates, most bank lending is issued as credit to businesses in domestic manufacturing and service sectors. Among them are real estate, agro- and food-processing, retail and wholesale trade, construction, and telecommunications.

Despite the large number of thrift, digital, and rural and cooperative banks in the country, they represent only a minor share of total banking industry assets and account for a small portion of overall credit creation by the sector. Lending by TBs and RCBs is generally directed at retail and small-business borrowers, with TBs typically offering auto and motorcycle loans, home loans, and financing for household businesses. Meanwhile, RCBs primarily provide credit to support small-scale or household enterprises engaged in manufacturing and agricultural activities.

As of December 2024, there were **1,553 non-banking financial institutions (NBFIs)** in the Philippines, representing 16.7% of the total resources of the country's financial system. These are financial institutions that do not require a full banking license and are not supervised by the banking sector regulator.^[70] These institutions provide asset management, investment services, insurance, microfinance, and credit facilities, complementing the traditional banking sector. NBFIs in the Philippines can be categorized into six main subgroups, offering a range of financial services, including: insurance companies, mutual funds and investment firms, brokerage firms, pension funds, credit unions and savings associations, microfinance institutions and pawnshops. According to the IMF, NBFIs in the Philippines are much smaller than in several Asian peers^[71].

Microfinance institutions (MFIs) play a crucial role in expanding access to financial services, particularly for retail clients, small businesses, and low-income households that typically lack access to traditional banking services.

In the Philippines, financial exclusion remains a significant concern, particularly among low-income households and small businesses that often lack access to traditional banking services, which is a major factor constraining the potential for future economic growth. The access to finance for individuals is significantly lower than in other emerging market economies in Asia, with only 56% of adults having formal accounts.^[72] The agricultural sector is notably affected, with 73% of workers in agriculture remaining unbanked in 2021. Other groups with high levels of financial exclusion include private household workers, self-employed individuals, and 52% of non-working adults, such as housewives, students, retirees, and persons with disabilities. MFIs have been instrumental in addressing these gaps by providing financial services tailored to the informal sector. These services are often delivered through cooperatives, formal financial institutions, and network organizations, making application processes more accessible and understandable for beneficiaries.

As of 2020, the Philippines had 94 licensed **insurance companies**, comprising 60 non-life insurers, 28 life insurers, 5 composite insurers, and 1 professional reinsurer. Despite this, the insurance penetration rate stood at only 2.03%, indicating that insurance coverage remains low compared to other ASEAN countries.



Prominent national and international public finance mechanisms

The scale and scope of financing requirements for promoting a just transition require an efficient combination of different types of capital, using the synergies between the mandates of different types of organizations, their priorities in terms of development, impact or pure financial returns as well as differing risk appetite and return requirement.

Among the prominent national and international public development finance mechanisms operating in the Philippines and providing climate finance^[d] are the Philippines People's Survival Fund (PSF); and international climate finance mechanisms, such as the Green Climate Fund (GCF) and Loss and Damage Fund (L&DF), and International Finance Institutions (IFIs) and Multilateral Development Banks (MDBs).

Recognizing the importance of a just transition, major climate finance institutions have increasingly incorporated socio-economic considerations of climate transition strategies. The Green Climate Fund's Strategic Plan 2024-2027 explicitly references just transition objectives. Similarly, the Climate Investment Funds (CIFs), have developed a Just Transition Framework, complemented by guidance and tools, to guide investments that balance climate and social equity goals. Multilateral Development Banks (MDBs) have agreed on High-Level Just Transition Principles and work on aligning their support strategies to regional just transition-related specificities and providing tailored support to their member countries.

The Green Climate Fund supports low-emission and climate resilience projects in developing countries under the United Nations Framework Convention on Climate Change (UNFCCC). It funds mitigation and adaptation efforts, promoting synergies and addressing trade-offs through cross-cutting projects and programs that include social objectives. In the Philippines, Land Bank of the Philippines and Development Bank of the Philippines serve as the country's direct access entities for GCF financing. Among the programming priorities of the fund is to catalyze climate finance from the wider finance ecosystem, engaging key actors including national and regional financial institutions and deploying blended finance to de-risk private sector investment at scale^[73]. The fund has been actively supporting the Philippines, including via projects focused on disaster risk reduction, climate change adaptation and climate resilient infrastructure; along with readiness grants to enhance the Philippines' capacity to access and manage climate finance.

The **Asian Development Bank**, headquartered in Manila, has been a longstanding partner in supporting the Philippine government through financial and technical assistance. In November 2022, ADB launched the Just Transition Support Platform, underscoring its commitment to ensuring that the shift to low-carbon, resilient economies benefits all, leaving no individual, community, or region behind. This technical assistance initiative aims to build the capacity of ADB's developing member countries to strategically plan, implement, and finance a just transition, effectively managing potential negative impacts while maximizing the benefits of moving toward net-zero emissions^[74].

Furthermore, ADB has committed \$10 billion in climate finance for the Philippines between 2024 and 2029. The funding will focus on areas such as low-carbon transportation, renewable energy, carbon market development, flood management, resilient coastal development, food security, and adaptive health and social protection. Additionally, ADB plans to mobilize further climate finance by engaging the private sector, co-financing partners, and other stakeholders.

Additionally, ADB is collaborating with the Philippine government to prepare an investment plan under the **Climate Investment Funds' Accelerating Coal Transition (CIF-ACT)** program, which received endorsement in June 2024. This plan allocates \$500 million to facilitate the early retirement of up to 900 megawatts of coal-fired power capacity by 2027 and supports the development of 1,500 megawatts of renewable energy capacity by 2030^[75].

Established in 2021, the CIF-ACT program recognizes the pivotal role of public funding in financing the coal phaseout and energy transition, as well as in scaling up clean energy investments in emerging markets and developing economies. The program operates holistically across three pillars: governance (collaborating with key stakeholders to build technical and institutional capacity and to develop social, economic and transformation plans); people and communities (focusing on upskilling, reskilling, job creation, and social protection for communities most affected by the transition process); reclaiming and repurposing of existing infrastructure such as land and power plants. The Philippines is among the beneficiaries of the program.

^[d] Climate finance refers to local, national or transnational financing—drawn from public, private and alternative sources of financing—that seeks to support mitigation and adaptation actions that will address climate change.

Within the framework of the Climate Investment Funds' Accelerating Coal Transition (CIF-ACT) program, the **World Bank**, a longstanding partner supporting countries through its just coal transition initiatives, completed a scoping exercise to gain a detailed understanding of key just transition issues in the context of coal-fired power plants (CFPPs). This exercise included: (i) mapping of coal value chain; (ii) spatial mapping of potential assets; (iii) stakeholder mapping; (iv) mapping of relevant social protection and social development programs; and (v) in-depth profiling of two selected CFPPs which included socioeconomic and spatial mapping of social and environmental resources and vulnerabilities, such as presence of indigenous peoples, ancestral domains, ongoing conflict, and worker distribution by sector and labor skills profiles^[76].

The Philippines National **People's Survival Fund (PSF)**, established in 2012, is managed by the Department of Finance, administered by the National Disaster Risk Reduction and Management Council (NDRRMC) and the Climate Change Commission (CCC). With an annual allocation of at least PHP 1 billion (USD 17 M), its objective is to provide long-stream finance for adaptation projects of local government units and local/community organizations aimed at increasing resilience of communities and ecosystems to climate change. Priority areas of the fund include disaster risk management and mitigation, water resources management, agriculture and fisheries resilience, health, education, coastal zone management, and infrastructure adaptation. Projects proposals are selected considering the municipalities' level of poverty incidence, the multiple hazards that increase risk in the town, and the presence of key biodiversity areas in project sites^[77]. Until recently, the fund struggled to disburse funds, due to irregular calls for proposals, strict documentary requirements coupled proponents' lack of technical capacity to put forward proposals^[78]. With the Philippines' Just Transition Framework still pending, PSF allocations currently do not explicitly fund just transition activities, though they contribute indirectly.

Private capital mobilization and blended finance^[e] mechanisms are increasingly integrated into the strategies of development finance institutions and climate negotiations^[f]. These approaches offer a promising avenue for aligning the diverse resources that different institutions bring, from financial capital to technical assistance and policy advisory services. This alignment is critical in addressing the multifaceted nature of a just transition, often perceived as a cost rather than an investment capable of generating long-term returns.

^[e] Blended finance is a strategic approach that combines concessional capital from public or philanthropic sources with private sector investments to fund projects that advance sustainable development. This method leverages public funds to mitigate risks or enhance returns, thereby attracting private investors to initiatives they might otherwise consider too risky or unprofitable.

^[f] At COP29 held in Baku a new climate finance goal was established: developed nations committed to mobilizing at least USD 300 billion annually by 2035 to support developing countries in their efforts to mitigate and adapt to climate change, with a broader objective to scale up climate finance from both public and private sources to \$1.3 trillion per year. This new goal explicitly encompasses a combination of public funding from developed countries and mobilized private sector investments. The strategy emphasizes leveraging public funds to attract private capital, thereby increasing the total resources available for climate initiatives.

Financial sector associations

The financial sector in the Philippines is supported by several key industry associations, each representing different segments of the banking, insurance, and microfinance industries:

► Box 7: Key financial sector associations

Bankers Association of the Philippines (BAP)	Serves as the lead organization for Universal and Commercial banks in the country. It comprises 35 member banks, with 21 being local banks and 14 foreign bank branches.
Chamber of Thrift Banks (CTB)	Established in 1974, CTB is the umbrella organization for the nation's thrift banks, supporting financial inclusion and lending to consumers and small businesses. As of the latest data, it has 54 member banks operating over 1,200 branches nationwide, employing around 17,000 individuals, and serving over 3.4 million depositors.
Rural Bankers Association of the Philippines (RBAP)	RBAP represents the interests of rural banks. The association supports its members in providing quality banking services, ensuring regulatory compliance, and promoting community welfare.
Microfinance Council of the Philippines, Inc. (MCPI)	MCPI is the umbrella network for microfinance institutions (MFIs) in the country. It aims to enhance the role of microfinance in poverty alleviation by improving financial access for low-income individuals, MSMEs, and informal sector workers. MCPI advocates policy development and supports capacity-building efforts for its members.
Philippine Insurers and Reinsurers Association (PIRA)	Since 1954, PIRA has represented the collective interests of the non-life insurance industry, advocating for industry development, risk management solutions, and regulatory engagement.
Philippine Life Insurance Association (PLIA)	PLIA represents the life insurance sector, promoting industry growth and ensuring the provision of reliable life insurance services to the public.

Key financial sector regulators, public finance agencies and coordination mechanisms

The sector is regulated by several key agencies, each overseeing specific types of financial institutions and services:

► Box 8: Key financial sector regulators and public finance agencies^[79]

Bangko Sentral ng Pilipinas (BSP)	The central bank of the Philippines with mandate for maintaining price and financial stability, and providing leadership in the financial system, including relevant sustainable finance regulation. The BSP exercises supervisory and regulatory powers over: • Banks, quasi-banks, and trust entities. • Banks' and quasi-banks' subsidiaries and affiliates engaged in allied activities as well as other financial institutions as provided in special laws are also under the regulatory ambit of the BSP.
Securities and Exchange Commission (SEC)	Responsible for regulating the corporate sector, capital market participants, securities and investment instruments, and ensures investor protection. • Financing companies • Lending companies • Investment companies
Insurance Commission (IC)	Regulates insurance, pre-need, and health maintenance organizations • Insurance companies • Intermediaries • Pre-need companies • Health maintenance organization

Philippine Deposit Insurance Corporation (PDIC)	Ensures deposit liabilities of all banks, providing insurance coverage up to PHP 1.0 million (or its foreign currency equivalent) per depositor.
Department of Finance (DOF)	Responsible for fiscal policy formulation, budgetary coordination and national debt management. Leads the Philippines' participation in global climate finance negotiations and initiatives to secure climate financing from domestic and international sources, including GCF, GEF, MDBs. Maintains a supervisory and collaborative relationship with key government financial institutions, such as LANDBANK and DBP.
Inter-agency Technical Working Group on Sustainable Finance or the "Green Force"	Composed of financial sector authorities and critical government agencies including the DOF, Climate Change Commission, BSP, SEC, IC, Department of Energy, Department of Environment and Natural Resources, National Economic and Development Authority, the group is tasked to support the acceleration of the development of a sustainable economy, by identifying pipeline of sustainable investments, mobilizing financing sources, and harmonizing policies and projects across government agencies.

The Philippines sustainable finance regulatory pathway

While sustainable finance has expanded significantly across the ASEAN economies, its development remains uneven. The definition of sustainable finance was first articulated in 2020 in BSP Circular No. 1085, which introduced the Sustainable Finance Framework for Banks as:

► Any form of financial product or service which integrates environmental, social, and governance (ESG) criteria into business decisions that support economic growth while providing lasting benefits for both clients and society while reducing pressures on the environment. This also covers green finance, which is designed to facilitate the flow of funds toward green economic activities and climate change mitigation and adaptation projects.

Despite this recent definition, regulatory efforts in the Philippines began over a decade ago, progressively shaping a sustainable finance framework. Over the past few years, these efforts have intensified, aligning with the country's 2021 NDC commitment to reduce GHG emissions by 75% by 2030. The Philippines has introduced key policies and frameworks to mobilize sustainable finance for low-carbon, climate-resilient, and sustainable economic development.

Among the key milestones are:

2013	SEC Corporate Social Responsibility Act - institutionalizes CSR disclosures as part of annual reporting requirements of publicly listed companies.
2018	SEC Guidelines on the Issuance of Green Bonds Under the ASEAN Green Bonds Standards in the Philippines formally introduced a framework for green bonds in the Philippines aligned with the ASEAN Green Bond Standards and ICMA principles. The guidelines required that proceeds exclusively fund eligible environmental projects such as renewable energy, sustainable water management, and pollution prevention.
2019	SEC Guidelines on the Issuance of Sustainability Bonds - recognize the interdependence between environmental and social outcomes and build on the green bond framework and introduce sustainability bonds to finance projects with dual objectives.
2019	SEC Sustainability Reporting Guidelines for Publicly Listed Companies - require publicly listed companies to submit sustainability reports on a "comply or explain" basis. The guidelines aim to help PLCs in assessing and managing their non-financial and ESG performance to be able to track their contribution to the SDGs and national targets. <i>PLCs have been compliant over the years with 90.77% of PLCs complying with submitting sustainability reports in 2019, increasing to 95% in 2021.</i>
2020	BSP Circular on Sustainable Finance Framework - directs banks to integrate sustainability principles environmental and social risk management into their corporate governance and risk management frameworks as well as strategic objectives and operations.

2020	The Philippines conducted a climate-related stress test to assess the impact of severe typhoons on bank capital under the IMF-World Bank Financial Sector Assessment Program. Supported by the World Bank technical assistance, BSP began developing supervisory guidelines on stress testing, governance, risk management, and climate risk disclosures.					
2021	BSP Circular on Environmental and Social Risk Management Framework - expands requirements for banks to assess and manage climate, environmental and social risks in relation to credit and operational risk exposures. The framework outlines the bank’s board and senior management responsibilities for creating ESG objectives and improving internal capacity; mandates the banks to include ESG risks in defining risk appetite, review their existing loan portfolio and credit risk strategy, define activities that are eligible for financing based on their ESG objectives, and progressively increase targets of their loan portfolio toward more sustainable projects. Stress testing activities are also required to assess the bank’s vulnerability and address those in their business continuity plans.					
2021	BSP Sustainable Finance Roadmap sets out a comprehensive approach that serves as the foundation for effective strategies to facilitate the mainstreaming of sustainable finance in the Philippines. The roadmap identifies policy, financing, and investment gaps and proposes strategic actions to mobilize sustainable finance ^[80] and aims at: • creating a conducive environment where sustainability considerations are embedded in macroeconomic policies and regulations, risk management of banking, insurance, and asset management sectors; • mainstreaming sustainable finance; • creating a pipeline of investment projects to boost financing to low-carbon energy through blended financing, incentive provisions, law reforms, and easing market access.					
	► Box 6: Key priorities of the sustainable finance roadmap (2021) <table><tr><th>Policy Priorities</th><th>Financing Priorities</th><th>Investment Priorities</th></tr><tr><td> • Managing climate-related financial risks • Pricing externalities in economic and financial systems • Enhancing sustainability reporting requirements • Building capacities • Strengthening financial system coordination • Participation in international sustainable finance initiatives </td><td> • Unlocking new sources of finance and financial innovation for climate action and resilience • Strengthening collaboration between public and private actors, regional and country-level synergies • Developing a principles-based sustainable taxonomy • Establishing mechanisms for tracking sustainable finance flows </td><td> • Accelerating green and sustainable demand • Establishing a sustainable investment pipeline database • Developing progress monitoring systems </td></tr></table>	Policy Priorities	Financing Priorities	Investment Priorities	• Managing climate-related financial risks • Pricing externalities in economic and financial systems • Enhancing sustainability reporting requirements • Building capacities • Strengthening financial system coordination • Participation in international sustainable finance initiatives	• Unlocking new sources of finance and financial innovation for climate action and resilience • Strengthening collaboration between public and private actors, regional and country-level synergies • Developing a principles-based sustainable taxonomy • Establishing mechanisms for tracking sustainable finance flows
Policy Priorities	Financing Priorities	Investment Priorities				
• Managing climate-related financial risks • Pricing externalities in economic and financial systems • Enhancing sustainability reporting requirements • Building capacities • Strengthening financial system coordination • Participation in international sustainable finance initiatives	• Unlocking new sources of finance and financial innovation for climate action and resilience • Strengthening collaboration between public and private actors, regional and country-level synergies • Developing a principles-based sustainable taxonomy • Establishing mechanisms for tracking sustainable finance flows	• Accelerating green and sustainable demand • Establishing a sustainable investment pipeline database • Developing progress monitoring systems				
2021	Philippine Sustainable Finance Guiding Principles, launched by the Green Force - complements the sustainable finance roadmap, serve as the primary reference for identifying activities that address the impact of climate change, and contributes to sustainable development. 7 umbrella guiding principles identified include: climate change mitigation and adaptation, promoting transition to a low carbon economy, resilient food systems, sustainable cities, sustainable and resilient infrastructure for inclusive growth and poverty eradication, environmental management and conservation. A list of prohibited activities provides some examples of environmentally harmful activities. <i>While environmental and social topics are treated separately, the list of principles provides another confirmation of several national development priorities such as food security, inclusive growth and poverty eradication. The list of suggested prohibited activities also points only to environmentally harmful practices.</i>					
2022	DOF Sustainable Finance Framework - aims to facilitate thematic debt issuance of the government in international capital markets. This framework aims to mobilize funding for eligible sustainable projects through Green Social Sustainability and Sustainability-linked debt instruments, in alignment with international sustainable finance standards, such as ICMA Principles, ASEAN Green Bond Standards, LMA Green Loan and Social Loan Principles. ^[81]					
2022	BSP Sustainable Central Banking Strategy - outlined the BSP’s approach to greening the Philippine financial system through policy measures and regulatory incentives, among others. This strategy was refined to focus on mainstreaming inclusivity in the sustainability agenda of the BSP.					
2022	SEC Guidelines on Sustainable and Responsible Investment Funds - establish criteria for sustainable investment products, in alignment with global green finance standards.					

2022	BSP Guidelines on the Integration of Sustainability Principles in Investment Activities of Banks - requires banks to integrate sustainability principles into their investment activities. Banks are expected to consider their sustainability objectives and risk appetite when making decisions on debt and equity securities, ensuring alignment with their overall sustainable finance strategies.
2023	SEC Guidelines for the issuance of sustainability-linked bonds under the ASEAN Sustainability - Linked Bond Standards - promote transparency and integrity in the issuance of SLBs, encouraging more corporations to adopt sustainable financing mechanisms.
2023	BSP adopted temporary 2-year measures to incentivize banks to extend loans or finance investments for green or sustainable projects or activities, including transition financing for decarbonization, as a part of the BSP's 11-point Sustainable Central Banking Strategy, designed to mainstream sustainable finance and support the country's climate commitments ^[82] . Banks are allowed to extend loans for eligible green or sustainable projects or activities with a top-up 15% Single Borrower's Limit. The applicable reserve requirement rate for green, social, sustainability or other sustainable bonds issued by banks is being gradually reduced to 0% from the initial three percent 3%. This initiative aims to encourage banks to support sustainable projects by easing liquidity requirements associated with sustainable bond issuances.
2024	BSP and the SEC are leading efforts to establish a principles-based sustainable finance taxonomy aligned with international and regional frameworks, such as the EU Green Taxonomy and ASEAN Green Taxonomy. The Sustainable Finance Taxonomy Guidelines (SFTG) serve as a tool to assess whether an economic activity is sustainable to guide financial sector actors in making informed investment and financing decisions. Its aim is to drive, accelerate, and increase capital flows to activities that support sustainability goals, promote transparency and credibility, with a specific mention of a just transition to a sustainable economy. This first version of the SFTG focuses on two Environmental objectives: climate change mitigation and climate change adaptation. The SFTG uses the traffic light system: "Green" for an SFTG-aligned activity, "Amber" for partially aligned, and "Red" for not aligned, eligible only for 'unlabeled' financing. Social considerations, reflected under the umbrella of "minimum social safeguards", include promotion and protection of human rights, prevention of forced labor and protection of children's rights and impacts on people leaving close to investments. Banks are required to use the SFTG when extending credit, making investment decisions, or developing sustainable financial products. When issuing sustainable bonds, banks must comply with the relevant standards set by the Securities and Exchange Commission (SEC) while optionally applying the SFTG principles to ensure alignment with the Taxonomy, especially in evaluating projects that contribute to environmental objectives. However, the definitive Sustainable Finance Taxonomy is yet to be finalized, and additional guidance is to be provided after a year of pilot testing.
2024	The BSP Sustainable Central Banking Strategy was refined to increase focus on mainstreaming inclusivity in the sustainability agenda of the BSP.
2025	SEC Green Equity and Sukuk Guidelines (Exposure Drafts) released for consultation - to further develop the sustainable finance ecosystem. The proposed Green Equity Guidelines require companies to derive at least 50% of their revenues and investments from activities classified as green under the Philippine Sustainable Finance Taxonomy Guidelines (SFTG) and the ASEAN Taxonomy, define measurable and externally verified KPIs linked to environmental objectives, publish progress updates and undergo third-party reviews. The draft Sukuk Bond Guidelines aim to align Islamic finance instruments with sustainability goals and international best practices.

In terms of international cooperation and engagement in sustainable finance initiatives, the Philippines is participating in the Sustainable Banking and Finance Network (SBFN), the BSP is a member of the NGFS, while the Department of Finance represent the Philippines at the Coalition of Finance Ministers for Climate Action, but has not yet joined the workstream on Green and Just Transition. Sustainable finance standards and regulation also show a stride towards alignment and interoperability with the regional ASEAN frameworks.

The Philippines sustainable finance implementation pathway

Sustainable investments have been increasing in the Philippines over time. The green investments reached USD 1.46 billion in 2023, representing a 57% increase from the previous year. However, the country is still behind its required capital investments for green transitioning with a total of USD 16.6 billion green capital requirement, indicating a substantial gap in financing for sustainable development in the Philippines^[83].

The Philippines Sustainable Finance implementation pathway demonstrates significant progress in integrating sustainable finance practices within its financial sector, reflecting a focus both on environmental and social dimensions of sustainability. Aligned with national development priorities, financial institutions are actively pursuing these dimensions through the financial services they offer, corporate social responsibility initiatives, and foundation activities. However, the systematic connection between environmental and social elements, particularly within the context of a just transition, remains at this stage underdeveloped.

The financial sector has made strides in environmental sustainability by implementing Environmental and Social Management Systems (ESMS), in line with guidance from the Bangko Sentral ng Pilipinas (BSP). Banks have put in place internal principles-based taxonomies to categorize them according to the social and environmental risk they represent, although banks are welcoming further regulatory guidance on technical definitions from the regulators to refine these frameworks. Some banks have implemented exclusion lists targeting specific environmental concerns, though the scope of excluded activities varies among banks.

Another building block of sustainable finance infrastructure - non-financial disclosure frameworks for climate-related information - has been adopted in the biggest ASEAN economies, including the Philippines, but their implementation remains inconsistent. Despite regulatory efforts, many policies are still at an early stage, leaving room for improvement^[84]. Notably, current reporting frameworks apply to listed companies, leaving much of the private sector without reporting requirements. Additionally, there are no mandatory disclosure requirements for sustainability-related bank financing, creating an information gap that affects private companies, particularly SMEs, seeking access to sustainable finance.

The Philippines demonstrates a relatively developed sustainable debt markets, ranking 40th out of 76 economies with sustainable debt issuances^[85]. Most of the sustainable bonds by Philippine companies have been issued in a foreign currency^[86]. According to the SEC, the majority of sustainable bond issuers in the Philippines are financial institutions. Excluding financial institutions, only 83 firms across the five largest ASEAN economies have tapped into sustainable debt and equity markets during 2017-2021^[87].

Several financial institutions have established sustainable finance frameworks to raise capital for sustainability-driven projects from the capital markets. Notably, BDO Unibank, BPI, RCBC and UBP have participated in green, social and sustainability bond issuances. The inaugural sovereign sustainability bonds were issued by the Philippines in 2022, marking an important milestone^[88]. The proceeds of these bonds were issued to finance various green and social initiatives, reflecting a growing commitment to sustainable finance. In 2025 the first sustainability eurobond was issued by the country with the proceeds intended to finance or refinance assets in line with the country's sustainable finance framework^[89].

Overall, green bonds dominate the Philippine sustainable debt market, with energy being the most financed project category. The issuance of sustainability-linked loans (SLLs) and sustainability-linked bonds (SLBs) remains limited, highlighting an area for further market development. General purpose financing instruments such as SLBs and SLLs are well-suited to promote both environmental and social objectives of a just transition, provided the inclusion of relevant social targets. Offering the flexibility to apply proceeds to any business activity, their financial characteristics can be tied to predetermined sustainability performance objectives, incentivising the borrower to improve performance. Among the notable issuances are Ayala Land's 2023, 2024 and 2025 sustainability-linked bonds focused on GHG gas emissions reduction across its commercial real estate portfolio, as well as ACENS' SLL from the ABD and the BPI designated for solar photovoltaic projects in the Philippines.

Other types of banks focus mainly on providing inclusive financial products to retail customers. In line with their mandates, thrift banks, rural banks, and cooperative banks exhibit a lending pattern concentrated on household consumption and agricultural loans^[90]. Some thrift banks have a portfolio of sustainable financing products. For example, Phil Savings Bank offers EV auto loans, while City Savings Bank became the *first Philippine thrift bank* to issue a social bond in 2024, with IFC investing USD 100 million.

While financial institutions can issue social bonds to support MSME financing, corporate issuers show limited interest in social bonds, primarily due to two reasons: social projects are typically deemed un-bankable, requiring government or public entity-driven financing; corporate actor's preference to issue sustainability, as proceeds can be allocated to both green and social projects.^[91]

Social sustainability is typically addressed through financial inclusion and MSME development initiatives, which are not necessarily connected to the low-carbon transition strategies and their implications on people. The Microfinance Council of the Philippines (MCP) plays a pivotal role, serving 80-90% of the microfinance market with a portfolio exceeding PHP 90 billion (USD 1.54 billion). Policy banks, such as Land Bank of the Philippines (LBP) and Development Bank of the Philippines (DBP), are also instrumental in promoting financial inclusion, offering targeted financing for microfinance, agribusiness, and renewable energy adoption.

Several commercial banks have dedicated microfinance operations, such as BDO Network Bank, subsidiary of BDO Unibank, and BPI BanKo a 100%-owned microfinance subsidiary of BPI. While banks have mobilized funds toward social and environmental causes separately, an integrated approach is still lacking. Many financial institutions, such as LANDBANK and DBP, have separate financing programs for rural development and climate action. Aligning these programs within a just transition framework could create greater synergy and impact.

Sustainability reporting requirements for microfinance institutions (MFIs) is at this stage unavailable, making data on their sustainable loan portfolio unavailable publicly. However, several MFIs are developing climate finance product offerings. The interview with Mr. Allan Sicat, MCP's Executive Director, revealed that majority of the sustainable loan products provided by the MCP member institutions are related to renewable energy such as (i) solar loans with provides disbursement for households to retrofit their houses for better lighting and cooling systems, (ii) agricultural loans for farmers to transition to smart farming with the supplementary provision of non-financial assistance of capacitating the farmers to make disaster resilient crops. Among the biggest obstacles in availing microloans is the lack of client awareness of the effects of climate change and the lack of focus on the low-carbon transition since the MFIs segment focuses on catering to basic needs of its target client base rather than actively participating in the low-carbon transition.

Harvesting seaweed in the Philippines — a livelihood that supports coastal communities and promotes sustainable aquaculture.
Photo: © ILO



Non-Bank Financial Institutions, such as insurance companies, mutual funds and investment firms, brokerage firms, pension funds can invest across the asset classes and can become a potentially large source of capital for green and sustainable investments. On the investment demand side, the ADB Green Bond Market Survey (2022) among institutional investors and insurance companies indicates that majority of the respondents are interested in sustainable finance instruments with the objective to embed the SDGs in their investment strategy, respond to regulatory requirements, improve their organization's image and diversify investment portfolios^[92]. However, the survey results pointed to investment being constrained by three main factors: lack of understanding of the benefits of green bonds versus traditional bonds; insufficient supply of sustainable financial instruments; need for clearer regulatory guidance and incentives. Since 2022, several policy developments have addressed these gaps, notably via the BSP guidance for banks on issuing green, social, and sustainability bonds.

The ADB 2022 survey results also point to the need for additional fiscal incentives and/or regulatory requirements to encourage financial institutions to hold a portion of the portfolio in sustainable instruments required on the demand side as well. In response, the BSP Circular No. 1185 introduces graduated reserve reductions for banks, culminating in a 0% rate for sustainable bonds starting January 2025.

In addition to financial incentives, "incentives from the top" also come out as critical for driving investment decisions toward sustainability. Yet, fifty percent or less of the financial institutions in the Philippines indicated in 2022 that there was a clear reference to sustainability in their institutions' long-term strategies. These findings highlight the need for swift and strong actions by the top echelon of financial institutions and governments to foster sustainability in the financial sector.^[93]

Lack of capacity and awareness was another impediment to sustainable finance market development, according to financial sector actors. Among the particular matters, respondents identified the lack of knowledge or awareness of green bonds and their benefits vs traditional financial instruments as the main impediment to their clients issuing green bonds, while the lack of understanding of benefits of investing in such instruments is the lacune on the investor side. This requires further capacity development activities among investors and asset management as well as deal teams within investment banks and securities firms, board members and chief financial officer of state-owned banks and state-owned enterprises and listed corporations to increase the supply of green bonds to meet investor demand.^[94]

► Leveraging sustainable finance for a just transition

The Philippines, as a developing country, faces unique challenges in balancing its climate vulnerability, development priorities, and transition to environmental sustainability. The primary climate action objective of the Philippines is to meet SDG goals and address fundamental developmental issues, such as energy security and rehabilitation from climate vulnerabilities, while also fulfilling its NDC commitments. To achieve these goals, the country has committed to climate change mitigation and adaptation through its Nationally Determined Contributions and National Adaptation Plan. Additionally, the country has explicitly committed to a just transition and established a dedicated Just Transition Programme, which has been in operation since 2024, and is developing its national just transition framework.

Financing is a crucial element both for facilitating the transition and for making it just. In this context, sustainable finance practices that promote both the environmental and social dimensions of sustainability in a symbiotic manner are a priority. Applying a just transition lens in financial sector practices can accelerate the country's real economy transition, promote social inclusion, and align financial flows with both environmental and social priorities— mutually reinforcing positive outcomes. Furthermore, this approach will enhance the financial system's ability to effectively manage risks arising from both climate change and climate transition measures, support financial institutions in identifying sound business and investment opportunities, and drive a shift toward a resilient low-carbon economy that benefits all.

Financial institutions—including commercial banks, investment firms, insurers, microfinance institutions, and non-bank financial institutions, play a critical role in enabling a just transition. Ensuring that financial flows support both climate action and social equity will require more targeted interventions from these actors.

The ability of financial sector decision-makers to promote a just transition via their core operations relies on developing a holistic climate transition strategy that leverages stakeholder knowledge and integrates both social and environmental considerations^[9]. This must be followed by the effective implementation of the strategy, ensuring that capital is directed toward just transition-aligned projects, national priorities, and affected groups. This can be achieved through:

- Strengthening the incorporation of social considerations in investment decision-making processes.
- Tailoring financial products to address local challenges, priorities, and just transition financing needs, including extending green finance products to various client segments and affected groups, ensuring they share in the benefits of the low-carbon transition.
- Using financial products, solutions, and client engagement strategies to encourage 'just' corporate transition strategies, promote socially and environmentally sustainable practices, and facilitate social dialogue and meaningful stakeholder consultations.
- Engaging in strategic partnerships with like-minded financial institutions and local partners, leveraging collective resources, expertise, different mandates, comparative advantages, and risk-return sensitivity.

^[9] For practical guidance and examples, please refer to: [Just Transition Finance Tool for banking and investing activities](#) | [International Labour Organization](#) and [Just Transition Finance - Pathways for banking and insurance](#) | [International Labour Organization](#)

When shaping their sustainable finance practices, financial sector actors operate within a complex environment of national and international regulatory frameworks, standards, and guidelines coordinated on the national level by the financial regulators such as the BSP, the SEC, and the IC. Such frameworks are essential in enhancing transparency, mitigating greenwashing risks, and strengthening the market for sustainable financial products. However, despite growing recognition of their importance, current regulations and standards in green and transition finance continue to place relatively limited emphasis on the social dimensions of the low-carbon transition.

The uptake of just transition considerations by financial sector actors can be strengthened by developing and enhancing sustainable finance frameworks so that they explicitly promote just transition objectives and incorporate social objectives alongside the climate targets.

Pre-requisites and suggested entry points

Sound understanding of just transition within the Philippine context, including includes knowledge of local climate transition dynamics, their social impacts, and the risks and opportunities affecting various sectors, clients, investees, and stakeholders, along with the broader social implications of an organization's transition strategy.

- Government efforts to communicate clear just transition guidance, identifying national priorities can support the alignment of financial flows with both environmental and social development targets and just transition-related financing needs.
- Regulators, including BSP, SEC, and IC, may consider integrating the relevant just transition considerations into national sustainable finance frameworks such as the BSP's Sustainable Finance Framework and the sustainable taxonomy.

Strong internal capacities to identify just transition-related risks and opportunities, incorporate social and environmental considerations into decision-making processes and develop suitable financial products.

- Guidance from the BSP and IC could support banks, investors, and insurers in aligning Environmental and Social Risk Management Systems (ESRMS) with just transition principles, ensuring the integration of social risk assessments in financing decisions.
- Awareness-raising programs across the financial sector, led by regulators and industry associations, would be instrumental in highlighting the social dimensions of the low-carbon transition and the benefits of investing in or issuing sustainable finance instruments.
- Capacity-building programs for financial sector practitioners could help strengthen understanding of social considerations in investment decision-making, sustainable finance instruments covering both green and transition finance.
- Financial sector actor, associations and regulators can engage in knowledge-sharing initiatives on national, regional and international, collaborating with international organizations, think tanks, and academic institutions to foster expertise in just transition finance.

The ability to coherently measure the social dimension of the low-carbon transition.

- Inclusion of relevant just transition-related elements and indicators by BSP, SEC and other regulators would enable financial institutions track and disclose social impacts alongside environmental outcomes.
- Promotion of the adoption and disclosure of just transition performance by BSP and SEC by corporate and financial sector actors, guided by global frameworks while ensuring alignment with local priorities, could further support transparency and comparability.

Capacity to establish strategic partnerships.

- Further leveraging the role of national development banks, their connection with global climate finance mechanisms and existing green finance and financial inclusion initiatives could act as drivers of change and help mobilize capital for a just transition at scale.
- Capacity building activities on social consideration of a just transition, sustainable finance instruments and blended finance approaches at different levels of the financial system could enhance the partnership potential around just-transition aligned projects. This includes key stakeholders, such representatives of the DOF, BSP, other financial supervisors, financial institutions.
- Strengthening collaboration between national financial sector actors and the Asian Development Bank (ADB) and its Just Transition Initiative could be highly beneficial. The ADB plays a key role in advancing just transition efforts in the region, including through its Just Transition Support Platform. Financial institutions and regulators in the Philippines may leverage ADB's expertise, funding mechanisms, and technical assistance to help accelerate the development of just transition-aligned financial instruments and policies. Such collaboration could focus on blended finance models, concessional lending, and knowledge-sharing initiatives aimed at enhancing the capacity of local financial actors.

These entry points will enable the financial sector to play an even more significant role in accelerating the shift to a low-carbon, resource-efficient, and resilient society. However, enabling conditions must be in place to facilitate the flow of finance toward a just transition, ensuring that social and environmental objectives are pursued in a complementary and equitable manner.



Kapatiran Solar Pump Irrigation System at AMRIS North Main Canal in Sampaloc, San Rafael, Bulacan.
Photo: © NIA Central Office

Annexes

Examples of sustainable financing initiatives of banks

Universal and commercial banks

► Bank of the Philippine Islands (BPI)

BPI, a member of the Ayala Group of Companies, is a pioneer in sustainable finance having formalized the first Sustainable Energy Finance (SEF) Program in the Philippines back in 2008, in partnership with the International Finance Corporation (IFC) of the World Bank Group. Since 2008 BPI started releasing an annual Sustainability Report aligned with the Global Reporting Initiative (GRI). BPI's SEF Program, originally only featuring Renewable Energy and Energy Efficiency project categories, has subsequently been renamed as Sustainable Development Finance (SDF), with additional project categories such as Climate Resilience (including Green Buildings), Sustainable Agriculture, Pollution Control, and Sustainable Water.

In 2021, BPI further integrated sustainability principles to the Bank's business strategies, guided by a Board-approved Sustainability Agenda, concretized by the pillars of Responsible Banking and Responsible Operations, and enabled by Risk Management and Compliance. Under Responsible Banking, BPI integrates sustainability principles into its products and services. Meanwhile, under Responsible Operations, BPI integrates sustainability principles into its day-to-day operations, as part of the delivery of BPI's products and services.

On top of BPI's SDF Program, the Bank's sustainability initiatives include:

- The Energy Transition Financing Facility (ETFF), financed by BPI and arranged by BPI Capital, which repurposes a coal-fired power plant 15 years ahead of the end of its technical life. The facility includes PHP 7.2 billion explicitly earmarked for reinvesting in renewable technologies and for reskilling programs aimed at affected workers and local communities, contributing to a just transition for the affected groups;
- Green Solutions, an array of eco-friendly financing solutions for retail clients, offering Solar Mortgage, Electric Vehicle Financing, and Hybrid Vehicle Financing;
- The bank maintains an Exclusion List, which restricts financing for activities with significant environmental and social harm, such as illegal deforestation, human rights violations, and unmitigated displacement of indigenous communities.
- The bank has put in place a time-bound Coal Phase Out Policy, wherein the bank has committed to half its coal-fired power generation portfolio by 2026, and zero out the same by 2032;
- To strengthen the implementation of its sustainability principles, the bank mandated all employees to have at least 10% of their performance appraisal criteria to be sustainability related.
- The bank implemented an Environmental Risk Assessment (ERA), mapping client assets, client collaterals, and bank assets vis-à-vis earthquakes, flooding/typhoon, and volcanic eruptions.

BPI actively mobilizes sustainable finance, having raised an equivalent of over USD 2.90 billion, as of end of June 2024, in ESG-themed bonds and time deposits, including via Green Bonds, Green Saver Time Deposits, BPI COVID-Action Response Bonds ("CARE") Bonds, BPI Reinforcing Inclusive Support for MSMEs Bonds ("RISE") Bonds, BPI Sustainable, Environmental, and Equitable Development Bonds ("SEED") Bonds and PI Supporting Inclusion, Nature, and Growth ("SINAG") Bonds.

In 2024, the bank's outstanding corporate and SME SDG-aligned portfolio increased by 16% to reach PHP 958 billion, (equivalent to 55% of the total portfolio), moving the bank closer to its target of PHP 1 trillion portfolio supporting UN SDGs by 2026. Meanwhile, financing an additional PHP 45 billion worth of projects in 2024, the SDF Program's cumulative portfolio now totals PHP 322 billion. Adding up to 485 projects, the Bank estimates that its cumulative disbursements are to reduce greenhouse gas (GHG) emissions by 35 million tCO₂e per year.

BPI also has developed inclusive product offerings for supporting green transition of households' and individuals' via products tailored for MSMEs, self-employed micro-entrepreneurs, and underserved communities. The bank has financed over 100,000 SMEs, with an outstanding loan portfolio of PHP 36 billion as well as over 800,000 self-employed micro-entrepreneurs (SEMEs), with an outstanding loan portfolio of PHP 15 billion as of the end of 2024.

► **BDO Unibank, Inc (BDO)**

BDO Unibank, Inc. (BDO), member of the SM Group, is the leading bank in the Philippines in terms of asset size and has been among the pioneers in sustainable financing initiatives[NB1]. The bank views climate financing as a form of risk management because of the effects of climate change. Since 2024, BDO Sustainable Finance Framework includes gender financing and 19 additional eligible categories under green, blue, and social financing.

BDO has previously been involved in financing coal and is now committed to divesting from fossil-fuel power generation and transmission by supporting its current high-emitting clients in transitioning to cleaner technologies.

In 2017, BDO issued the first green bond in the Philippines, amounting to USD 150 million, with the International Finance Corporation (IFC) as the sole investor. The proceeds financed climate-smart projects in renewable energy, green buildings, and energy efficiency. In 2023, green finance portfolio was composed majority of energy efficiency projects (46.2%), followed by RE (26.7%) and eco-efficient/circular economy (0.3%).

In 2022, BDO issued the country's first blue bond, amounting to USD 100 million, with IFC as the anchor investor. The bond financed and refinanced water management projects in Luzon, including increasing the capacity of wastewater treatment facilities, providing access to technologies for reducing non-revenue water, and constructing sustainable water supply infrastructure. The financing increased the number of households and hospitals provided with clean water or wastewater treatment by 14% and 16%, respectively.

BDO's first ASEAN Sustainability Bond was issued in 2022, raising PHP 52.7 billion (approximately \$900 million). The proceeds financed 28 projects, with 10 classified as social projects, including microfinance services and investments in agriculture, fisheries, and food security; and 18 as green projects. Two additional issuances took place in 2023 and 2024.

In July 2023, BDO and Land Bank of the Philippines jointly arranged the issuance of the country's first Gender Bond, amounting to PHP 5 billion (approximately \$85 million). The proceeds finance lending programs for women in the lower-income sector engaged in microenterprises through ASA Philippines Foundation, Inc., a non-profit corporation focused on microfinance.

As of December 31, 2023, BDO reported that over PHP 67.4 billion in loans were allocated to social projects under its Affordable Basic Infrastructure portfolio, which accounted for 87% of its social financing. These projects encompassed areas such as employment generation, access to essential services, affordable housing, and food security.

As of 2022, BDO Unibank's exposure to Micro, Small, and Medium Enterprises (MSMEs) accounted for approximately 8% of its total loan portfolio. To enhance support for MSMEs, BDO has been actively expanding its services through its rural banking arm, BDO Network Bank (BDONB). Additionally, BDO offers several socially inclusive financial products, such as the Kabayan Savings and Cash Agad programs for Overseas Filipino Workers (OFWs). The BDO ESG Equity Fund, offered by BDO Unibank, invests in Philippine listed companies that demonstrate strong Environmental, Social, and Governance (ESG) practices. The fund avoids investing in companies primarily engaged in the sale of alcohol, tobacco, or those solely involved in gaming or mining activities.

► China Banking Group (Chinabank)

Chinabank, a member of the SM Group, has a sustainability strategy that revolves around responsible value creation activities that contribute to the environment and society while upholding resilience.

In 2023, Chinabank reported a sustainable finance loan portfolio amounting to PHP 91.6 billion (approximately USD 1.56 billion), representing 17% of its total loan portfolio. Of the sustainable finance portfolio, 48% had been disbursed, with allocations of 47% to renewable energy projects, 33% to basic infrastructure projects, 15% to green building initiatives, and 5% to essential service providers. Chinabank offers a range of financial products designed to support environmental sustainability. These include loans for renewable energy projects, energy efficiency initiatives, and sustainable agriculture.

Recognizing the importance of MSMEs in driving inclusive economic growth and poverty alleviation, Chinabank extends financial support to this segment. In 2023, the bank provided PHP 18.01 billion (USD 31 million) in loans to MSMEs, aiming to foster entrepreneurship, job creation, and poverty reduction.

China Bank's sustainability efforts span multiple sectors, including: PHP 14 billion (USD 24 million) in loans to enhance agricultural productivity and combat hunger; PHP 2.13 billion (USD 36 million) disbursed to support access to universal healthcare services; PHP 5.99 billion (USD 100 million) allocated to businesses providing educational services, and PHP 52.2 billion (USD 890 million) for teachers' salary loans; PHP 22.3 billion (USD 380 million) funded activities ensuring clean and safe water to address water scarcity; PHP 25.42 billion (USD 430 million) for energy access loans and PHP 28.86 billion (USD 490 million) for renewable energy projects; PHP 6.98 billion (USD 120 million) allocated to green building initiatives; 24.2 billion (USD 410 million) dedicated to affordable housing loans^[94].

► Metropolitan Bank & Trust Corporation (Metrobank)

Metrobank, part of GT Capital Holdings, has put in place sustainability that initiatives reflect a comprehensive approach to integrating ESG considerations into its governance and risk management frameworks. In line with its framework the bank refrains from financing operations that involve illegal deforestation, fishing, mining, and projects that could lead to the destruction of areas designated as high ecological value, operations directly involved in human rights violations, including child labor, forced labor, human trafficking, unfair labor practices, and unmitigated displacement and destruction of indigenous communities. The bank aims to mobilize and deploy capital for counterparties and activities that add value to the economy by aiding in job creation and the production of necessary and sustainable goods and services, which is critical for poverty alleviation and the achievement of the SDGs. Through its loan portfolio the bank actively contributes to 10 out of 17 SDGs by supporting key sectors such as agriculture, tourism, infrastructure, telecommunications, manufacturing, energy, and health, with a particular focus on SDGs 2 (Zero Hunger), 4 (Quality Education), 7 (Affordable and Clean Energy), and 9 (Industry, Innovation, and Infrastructure). Notably, in 2024, Metrobank extended a PHP 4 billion green loan to PLDT Inc., marking the telecommunications company's first green loan from a local financial institution. The proceeds will be used for the nationwide expansion of PLDT's fiber footprint, aiming to enhance energy efficiency and reduce the digital divide in the Philippines.

Beyond financing, Metrobank prioritizes social sustainability through workforce diversity, women's inclusivity, responsible labor practices, training and development, career advancement, and occupational health and safety. These initiatives align with SDGs 3 (Good Health and Well-being), 4 (Quality Education), 5 (Gender Equality), 8 (Decent Work and Economic Growth), 10 (Reduced Inequalities), and 12 (Responsible Consumption and Production)^[95]. Additional efforts are operationalized through the Metrobank Foundation and its CSR programs.

The bank works on expanding the services to the underbanked, such as those living in rural areas, OFWs, the youth, retirees, and small business owners and enhancing financial literacy via programs designed to enhance clients' understanding of personal finance and investment.

► Rizal Commercial Banking Corp. (RCBC)

RCBC, a member of Yuchengco Group of Companies believes that sustainable practices are a key pillar of responsible lending which in return creates a positive impact on the environment and communities.

The bank has committed to phasing out its coal exposure entirely by 2031, aligning with its pledge made in December 2020 to cease funding new coal-fired power plants in the Philippines.

As of December 2023, RCBC's eligible sustainable assets accounted for 12% of its total loan portfolio, exceeding its 6% exposure to coal-related projects. Its sustainable funding portfolio is divided into 58% green and 42% social components. The allocation of its sustainable finance portfolio prioritizes renewable energy (29%), followed by affordable housing (20%), energy efficiency (15%), socioeconomic advancement and empowerment (12%), and green buildings, essential services, and employment generation (5% each).

Since the establishment of its Sustainable Finance Framework in 2019, RCBC has raised approximately USD 1.4 billion through green and sustainability bonds. In February 2022, the bank introduced the country's first Peso Green Time Deposit, enabling individuals to invest as little as PHP 5,000, with proceeds directed toward funding green projects.

RCBC actively promotes financial inclusion, particularly in rural and underserved communities. It has developed digital banking platforms, including RCBC Pulz, RCBC DiskarTech, and RCBC ATM Go, to improve access to financial services. The bank also provides specialized financial solutions through the Rizal MicroBank & Small Business Loans & Savings Products, catering to unbanked agricultural communities, low-income sectors, and indigenous populations.

To support the growth and recovery of micro, small, and medium-sized enterprises (MSMEs), RCBC provided PHP 4.8 billion (USD 82 million) in loans to 730 enterprises. Additionally, it allocated PHP 11.339 billion (USD 190 million) in loans to institutions improving access to financial services for minorities, underserved communities, and MSMEs, including rural and cooperative banks.

► Security Bank (SB)

Security Bank's sustainability approach is rooted in its sustainability governance and is anchored in three pillars, namely enriching lives, empowering business, and building communities sustainably.

As of the end of 2023, Security Bank's sustainable finance loan portfolio amounted to PHP 43.6 billion (approximately USD 740 million), representing 6.5% of its total loan portfolio, allocated to renewable energy PHP 20.6 billion (USD 350 million), basic infrastructure PHP 14.3 billion (USD 240 million), green buildings PHP 6.6 billion (USD 110 million) and essential service providers PHP 2.1 billion (USD 36 million)^[96].

The bank has not issued any green, social, sustainability, or sustainability-linked bonds to date. However, in February 2023, Security Bank's Board approved its Sustainable Finance Framework, outlining its approach to accessing Sustainable Financing Instruments (SFIs), including green, blue, social, and sustainability bonds, loans, and other debt financing instruments.

In 2023, Security Bank's retail and MSME loans reached to 29% of the total loan portfolio. The bank is also looking to integrate sustainability components into its loan products for small businesses and individuals, particularly in home loans and small business lending segments.

Government-owned banks

► Development Bank of the Philippines (DBP)

The Development Bank of the Philippines (DBP) is a government-owned development financing institution, serving as a policy bank with a mandate to promote sustainable economic growth and social development in the Philippines. Established in 1947, DBP provides financial and technical assistance to various sectors, including infrastructure, logistics, micro, small, and medium enterprises (MSMEs), environment, climate change, social services, and community development.

DBP has been a pioneer in integrating sustainability into its operations. In 1997, the bank adopted an Environmental Policy, and by 1998, it established an Environmental Management System validated by the ISO 14001 certification received in 2002. The bank has been voluntarily disclosing its sustainability performance since 2008, guided by the Global Reporting Initiative (GRI) framework.

In line with its development mandate, DBP runs a diverse portfolio of loans and programs categorized around Infrastructure and Logistics; MSMEs, Environment and Climate Change; and Social Services and Community Development.

Infrastructure and Logistics:

- Connecting Rural Urban Intermodal Systems Efficiently (CRUISE) program finances logistics and infrastructure services, including public markets, cold storage facilities, and slaughterhouses.
- Financing Utilities for Sustainable Energy Development (FUSED) program provides funding for energy projects, contributing to increased electricity generation.
- Solar Merchant Power Plant Financing Program (SMPP) program finances solar power projects to promote renewable energy.

Social Services and Community Development:

- Building Affordable Homes Accessible to Every Filipino (BAHAY) program finances housing projects, resulting in the construction of numerous housing units.
- Strategic Healthcare Investments for Enhanced Lending and Development (SHIELD) program supports healthcare infrastructure, increasing hospital bed capacity nationwide.
- Education Sector Support for Knowledge, Wisdom, and Empowerment through Lending Assistance (ESKWELA) program funds educational institutions to improve access to quality education.
- Assistance for Economic and Social Development (ASENSO) for LGUs Financing program provides financial assistance to LGUs for various development projects.
- Rehabilitation Support Program for Severe Events (RESPONSE) program offers support to institutions affected by calamities.
- Sustainable Waste Management for Enhanced Environmental Protection (SWEEP) program finances waste management and waste-to-energy projects.

Through its Green Finance program, the bank assists strategic sectors, industries, and local government units (LGUs) in adopting environmentally friendly processes and technologies. It focuses on projects that incorporate climate change adaptation, mitigation, and disaster risk reduction measures.

In 2019, DBP became the first Philippine bank to issue an ASEAN Sustainability Bond, raising PHP 18.125 billion (approximately USD 310 million). The proceeds are allocated to finance projects that align with environmental and social sustainability criteria.

► Land Bank of the Philippines (LANDBANK)

Created following the RA No. 3844 or the Agricultural Land Reform Code, the Land Bank of the Philippines, plays a pivotal role in providing financial services for farmers and fishers and promoting development goals in the country.

A 100% government-owned universal bank, LANDBANK has a particular dual mandate. As a development bank, its social mandate is to provide financial services either directly or indirectly to individual farmers, their cooperatives and associations as well as beneficiaries of agrarian reform. As a universal bank, it performs both commercial and investment banking functions, with the profits generated from the commercial banking operations used to finance the bank's developmental programs.

As the first Philippine bank accredited by the GCF, LANDBANK serves as a conduit for channeling GCF resources into programs related to sustainable agriculture, forestry, fisheries, energy, transport, water, housing, tourism, and health. It has the capacity to mobilize large-scale climate financing and to drive demand for green financing by proactively supporting the development of climate adaptation projects. This accreditation enables the bank to support national government agencies, local government units (LGUs), small and medium enterprises (SMEs), cooperatives, and other stakeholders in implementing climate-resilient projects. Currently, the following projects under the GCF Financing Program have priority:

- Multi-Hazard Impact-Based Forecasting and Early Warning System, project implemented in collaboration with the Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAG-ASA), with the objective to shift from traditional hazard-based to impact-based forecasting and early warning systems and enhance weather forecasting to understand not only "what the weather will be" to "what the weather will do." By providing more actionable insights, the system will help communities in disaster-prone areas take preemptive measures, strengthening disaster risk reduction efforts.
- Accelerating adoption of Climate-resilient Agricultural Production System through Integrative Landscape Approach to Manage Climatic Risks (PILAR) project (under funding proposal preparation) aims to reduce risks and vulnerabilities while enhancing the resilience of 3.5 million Filipinos by scaling climate-resilient agriculture (CRA) and identifying transformational livelihood pathways using a landscape approach. The initiative focuses on three major river basins (Pampanga, Bicol, and Agusan) which serve as the designated planning units.
- Climate Resilient Leyte (CRL) Through Integrated River Basin Governance in Flood Risk Management Project (under funding proposal preparation) focuses on flood management and the implementation of nature-based solutions across various major and minor river basins in the Province of Leyte. The Project Concept Note (PCN) was developed by the Department of Environment and Natural Resources (DENR) in collaboration with project proponents, including PAGASA, and the Province of Leyte, with support from partners such as KEITI, JHSustain, KOICA, among others.

In alignment with its sustainability objectives, LANDBANK has established a Sustainable Finance Framework, which was assigned an SQS3 Sustainability Quality Score by Moody's. This framework outlines the bank's strategy to finance projects across seven green categories (renewable energy, energy efficiency, pollution prevention and control, sustainable water management, green buildings, climate change adaptation, sustainable land use) and five social categories (affordable basic infrastructure, access to essential services, affordable housing, employment generation, food security).

LANDBANK also offers several sustainable lending and investment products and services aimed at promoting environmental sustainability and supporting climate change mitigation and adaptation efforts, such as:

- REAL (Renewable and Efficient Alternative) Energy Plus Program: provides financing for renewable energy projects, including biomass, geothermal, solar, hydro, ocean, and wind power, aiming to increase access to clean and sustainable energy sources.

- Go Green Inclusive Financing Program supports projects that promote environmental sustainability, such as solar energy systems and other energy-efficient technologies. It is available to local government units (LGUs), small and medium enterprises (SMEs), and other eligible entities.
- SPEED PUV (Special Package for Environment-Friendly and Efficiently-Driven Public Utility Vehicles) Program supports the Philippine government's modernization of public utility vehicles in the country, aiming to help transport cooperatives and corporations transition to modern, safer, and more environmentally friendly public utility vehicles (PUVs) in line with the national government's Public Utility Vehicle Modernization Program (PUVMP).
- Climate (SAFE) Special Adaptation Facility for the Ecosystem Lending Program funds climate change adaptation projects, including those in LGU development plans, Local Climate Change Action Plans, and private sector Business Continuity Plans. The eligible projects include: Integrated Ecosystem-based Management; Water Governance and Management; Climate-responsive agriculture; Climate-responsive health sector; Climate-proofing infrastructure; Disaster Risk Reduction.
- AGRISENSO+ (Agriculture Growth and Resource Integration through Strategic and Enhanced delivery of Support and Opportunities) Plus Lending Program provides credit assistance to small farmers and fishers, agrarian reform beneficiaries, MSMEs, and other agricultural stakeholders to boost productivity. It supports crop and fisheries production, seed and livestock acquisition, farm improvements, equipment purchases, and post-harvest facilities, including free personal and life insurance to loan availers. Aligned with R.A. 11901 (or the Agriculture, Fisheries and Rural Development Financing Enhancement Act of 2022), the program enhances competitiveness by offering lower interest rates, simplified requirements, and expanded borrower eligibility. The program is implemented together with the ASCEND Program, a capacity-building component to enhance financial literacy and entrepreneurial skills among farmers. ASCEND provides training on modern farming techniques, financial management, and market access, empowering farmers to improve productivity and profitability. Alongside the lending facility, roadshows and forums were launched in 2024 to bring together agricultural industry players and stakeholders to discuss key issues and growth opportunities. These forums also serve as a platform for the Bank to present its financing programs and other support interventions.
- Agricultural Competitiveness Enhancement Fund (ACEF) Lending Program, managed by the Bank, provides credit assistance to farmers, fishers, cooperatives, and small enterprises to enhance productivity. Loans can be utilized for farm inputs, equipment, infrastructure, and agri-processing, as well as for relending to farmers and fishers. It aligns with RA 8178 (Agricultural Tariffication Act), as amended by RA 10848 (ACEF Extension Act), to support agricultural growth.

As of December 31, 2023, LANDBANK's outstanding loans dedicated to agriculture, fisheries, and rural development totaled PHP 694.51 billion (approximately USD 11.86 billion).

LANDBANK issues Sustainable Financing Instruments (SFIs), including bond, to fund new and existing loans for projects that contribute to environmental sustainability and climate resilience.

The Philippines sustainable finance framework - list of eligible expenditures

The table below outlines the categories of eligible expenditures that can include direct or indirect investments, subsidies, support schemes, incentive mechanisms or tax forgone (or a combination thereof such expenditures) and selected operational expenditures^[97].

Project Category	Eligibility Criteria
Access to Essential Services	Healthcare - Financing to construct, equip and operate government health facilities for the provision of public or subsidized health services, including hiring and deployment of healthcare workers - Projects which strengthen innovations and access to up-to-date technology in the biomedical field (i.e. research support to local scientists) Education - Development and operation of schools, training centres and related facilities, including digital learning platforms, as well as training labour force, in order to improve quality of and access to education, promote learning opportunities and vocational training. <i>Target Beneficiaries: General population including people from low-income families (indigents) and/or from disadvantaged backgrounds; people with disabilities; the Unemployed.</i>
Affordable Basic Infrastructure	Programs delivering infrastructure to rural areas to minimize disparities between regions or benefitting disadvantaged populations, including - Construction, reconstruction, rehabilitation and upgrading of roads to provide access to less connected areas - Construction of telecommunication equipment for underserved and unconnected populations - Providing access to basic sanitation systems including septic tanks - Construction, maintenance of equipment e.g. pipework for supply of clean water - Provision of electrification facilities <i>Target Beneficiaries: Rural Areas, Underserved and Unconnected Populations, Barangays (smallest administrative division/villages)</i>
Food Security	Guaranteeing effective access to varied, quality food via provision of national and communal irrigation, machineries and equipment, cold storage facilities, food packaging and processing, warehouses, post-harvest centers, rice seeds, crop insurance and production subsidies to small and medium farmers for basic food products . <i>Target Beneficiaries: General Population, including farmers and disadvantaged populations</i>
Employment Generation, and programs designed to prevent and/or alleviate Unemployment stemming from socioeconomic crises, including through the potential effect of MSME financing and microfinance	Programs supporting Micro Small and Medium-sized Enterprise (MSMEs) that support employment generation and productivity improvement, including provision of MSME loans and access to technology <i>Target Beneficiaries: MSMEs</i> Programs that provide employment and entrepreneurship opportunities to displaced, disadvantaged and unemployed workers <i>Target Beneficiaries: Informal Sector Workers, Poor, Vulnerable and Marginalized Workers, Eligible beneficiaries of the DILP programme</i>
Socioeconomic Advancement and Empowerment	Programs to support and provide social assistance for persons from disadvantaged socioeconomic backgrounds, such as conditional and unconditional cash transfer (programs and social pension for elderly and persons with disabilities) <i>Target Beneficiaries: Vulnerable groups as identified under the 4Ps program, including Chronic poor households with children aged 0-14 living in poor areas, indigent and marginalized families, itinerant, homeless street families, families in need of special protection, elderly and persons with disabilities.</i>

Affordable Housing	The development and/or provision of affordable socialized and low-cost housing, including: • Financing of/investment in affordable and inclusive socialized and low-cost housing loan portfolio; • Development of program that provides liquidity facility for socialized housing originators and increases loan accessibility for the low-income groups; <i>Target Beneficiaries: low-income families (including minimum wage earners), homeless and underprivileged, families residing in informal settlements and danger zones</i>
Covid-19 Expenditure	Manufacturing, logistics and distribution of medical products and supplies essential to medical response, disease control services and vaccinations, R&D expenditure for the provision of emergency medical response and disease control services Financing/disbursements to support populations affected by Covid-19, including initiatives designed to prevent or alleviate unemployment <i>Target Beneficiaries: General population including healthcare workers in public/government-ran healthcare facilities, displaced workers, including Overseas Filipino Workers (OFWs), in industries/formal sectors affected by COVID-19, such as MSMEs, tourism, etc, healthcare workers (for priority vaccination), senior citizens (for priority vaccination), persons with comorbidities (for priority vaccination), vulnerable groups, households living in poverty, homeless street families, itinerant indigenous peoples, marginalized, disabled.</i>
Clean Transportation	Investments and expenditure in low energy consuming or low emission transportation, including public transportation and freight trains, as well as non-motorized and active transport solutions and ancillary facilities (e.g. bikeways, walkways) • Only electrified light rail and mass rapid transit infrastructure will be included
Climate Change Adaptation	Projects that improve Disaster Risk Reduction and Management (DRRM), resilience of biological and ecological systems against impacts of climate change including • Construction and rehabilitation of flood mitigation structures and drainage systems • Climate change adaptation infrastructure, such as flood defence and early warning systems • Broader DRRM initiatives due to climate change
Environmentally sustainable management of living natural resources and land use	Environmentally sustainable agriculture; environmentally sustainable forestry, including afforestation or reforestation, and preservation or restoration of natural terrestrial and marine landscapes. The protection of coastal, marine and watershed environments
Renewable Energy	Projects to support the manufacturing, development, installation, operation, transmission and distribution of renewable energy, including: • Solar • Wind • Geothermal (<100gCO₂/kWh) • Biomass (100gCO₂/kWh and sustainable feedstock only) • Hydropower (100gCO₂/kWh or power density of >5W/m²)

The Philippines sustainable finance framework - exclusion list

For the avoidance of doubt, any expenditure related to the following activities will be excluded from Eligible Social Projects and Eligible Green Projects:

- Exploration, production or transportation of fossil fuel, fossil-fuel power-generation related projects;
- Manufacture and production of finished alcoholic beverages;
- Lethal defence goods;
- Military contracting;
- Gambling;
- Weaponry;
- Non-RSPO-certified palm oil;
- Manufacture and production of finished tobacco products; and
- Conflict minerals
- Activities/projects associated with child labor/forced labor
- Extractive mining;
- Production or trade in wood or forestry products other than from sustainably-managed forests;
- Involuntary resettlement and impact on livelihood (i.e. demolition of residential communities);
- Projects which would affect ethnic minorities/indigenous people and the lands they own or claim;
- Projects located near any protected areas

Largest conglomerates in the Philippines^[98]

Conglomerate	Notable Businesses & Subsidiaries	Sectors
SM Investments Corporation	SM Supermalls, SM Retail, SM Prime Holdings <i>BDO Unibank, China Banking Corporation</i>	Retail, Financial Services, Real Estate
Ayala Corporation	Ayala Land, Globe Telecom, Manila Water, Integrated Microelectronics Inc., ACN <i>Bank of the Philippine Islands</i>	Real Estate, Financial Services, Telecommunications, Utilities, Electronics, Energy, Construction and Infrastructure, Manufacturing
San Miguel Corporation	San Miguel Brewery, Petron Corporation, Magnolia, Ginebra San Miguel, San Miguel Foods <i>Bank of Commerce</i>	Food & Beverage, Energy, Packaging, Financial Services
JG Summit Holdings	Cebu Pacific, Universal Robina Corporation, Robinsons Land, JG Summit Petrochemicals, <i>Robinsons Bank</i>	Airline, Food & Beverage, Real Estate, Banking, Petrochemicals, Investments
Aboitiz Equity Ventures	AboitizPower, Pilmico Foods, Aboitiz InfraCapital <i>Union Bank of the Philippines, Union Digital Bank, City Savings Bank</i>	Power, Banking, Food and Agribusiness Infrastructure, Real Estate, Financial Services
GT Capital Holdings	Toyota Motors Philippines, Federal Land, GT Capital Auto Dealership <i>Metrobank</i> <i>AXA Philippines</i>	Banking, Automotive, Real Estate, Insurance
Metro Pacific Investments Corporation	Maynilad Water Services, Metro Pacific Tollways, Light Rail Manila Corporation, Meralco <i>Maya Bank</i>	Construction and Infrastructure, Utilities
Alliance Global Group	Megaworld Corporation, Resorts World Manila, Emperador Distillers, Golden Arches Development Corporation	Food and Beverage, Manufacturing, Real Estate
Lopez Holdings Corporation	ABS-CBN Corporation, First Philippine Holdings, Rockwell Land Corporation, Energy Development Corporation	Media, Utilities, Real Estate
Udenna Corporation	Phoenix Petroleum, Chelsea Logistics, Conti's Bakeshop, Enderun Colleges, Dito Telecommunity	Oil & Gas, Logistics, Telecommunications, Education

References

- [1] IPCC. (2022). Climate Change 2022: Mitigation of Climate Change. Contribution of Working Group III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change. (IPCC, 2022)
- [2] International Labour Organization. (2023). Resolution concerning a just transition towards environmentally sustainable economies and societies for all. [Link](#) (ILO, 2023).
- [3] ILC Report. (2023). [Link](#) (ILC, 2023)
- [4] ILC Report. (2023). [Link](#) (ILC, 2023)
- [5] GIZ. (2021). Just Transition to a Green Economy. [Link](#) (GIZ, 2021)
- [6] NEDA. (2016). About Ambisyon Natin 2040. [Link](#) (NEDA, 2016)
- [7] NEDA. (2016). About Ambisyon Natin 2040. [Link](#) (NEDA, 2016)
- [8] Republic of the Philippines (ROP). (2021). Nationally Determined Contribution Communicated to the UNFCCC on April 2021. [Link](#) (ROP, 2021)
- [9] Department of Environment and Natural Resources. (2024). Sec. Loyzaga: Energy, transport sectors must prioritize workers, communities in shift to net-zero economy. [Link](#) (DENR, 2024).
- [10] Forum Proceedings of Just Transition Programme Kick-off Forum. (1 October 2024) (Forum Proceedings, 2024)
- [11] Forum Proceedings of Just Transition Programme Kick-off Forum. (1 October 2024) (Forum Proceedings, 2024)
- [12] Forum Proceedings of Just Transition Programme Kick-off Forum. (1 October 2024) (Forum Proceedings, 2024)
- [13] Forum Proceedings of Just Transition Programme Kick-off Forum. (1 October 2024) (Forum Proceedings, 2024)
- [14] Philippine Development Plan. (2023). [Link](#) (PDP, 2023)
- [15] Presentation on “Updating of the National Green Jobs Human Resource Development Plan and Developing a Sectoral Human Resource Development Plan on Renewable Energy” during the 13th DOLE Research Conference, (15 October 2024) (DOLE Presentation, 2024)
- [16] CIF. (2024). ACT IP Philippines. [Link](#) (CIF, 2024)
- [17] National Adaptation Plan. (2023-2050) (NAP, 2023)
- [18] PSA. (2024). The Country’s Total GHG Emissions. [Link](#) (PSA, 2024)
- [19] ROP. (2023). NDC Implementation Plan. [Link](#) (ROP, 2023)
- [20] Philippine Statistics Authority (PSA). (2025). Employment Rate in November 2024. [Link](#); (PSA, 2025)
- [21] PSA. (2024). The Country’s Total GHG Emissions. [Link](#) (PSA, 2024)
- [22] ROP. (2023). NDC Implementation Plan. [Link](#) (ROP, 2023)
- [23] DOE. (2023). Philippine Energy Plan Volume I. [Link](#) (DOE, 2023)
- [24] Presentation on “Activities and Initiatives of the Department of Energy on Just Energy Transition” during the Just Transition Programme Kick-off Forum, (1 October 2024) (DOE Presentation, 2024)
- [25] DOE. (2023). Philippine Energy Plan Volume I. [Link](#) (DOE, 2023)
- [26] DOE. (2023). Philippine Energy Plan Volume I. [Link](#) (DOE, 2023)
- [27] DOE. (2023). Philippine Energy Plan Volume I. [Link](#) (DOE, 2023)
- [28] “Renewables dominate pipeline of new power projects in 2025.” Philippine Daily Inquirer. By Lisbet K. Esmael (13 January 2025). [Link](#)
- [29] OECD. (2024). Clean Energy Finance and Investment Roadmap of the Philippines. Green Finance and Investment, OECD Publishing, Paris. [Link](#)
- [30] DOLE Institute for Labor Studies (ILS). (2024). Green Jobs and Renewable Energy: A Sectoral Human Resource Development Roadmap. Last updated 27 December 2024. [Link](#) (ILS, 2024)
- [31] DOE. (2023). Philippine Energy Plan Volume I. [Link](#) (DOE, 2023)
- [32] Clean Energy Finance and Investment Roadmap of the Philippines. (2024). OECD Report. (OECD, 2024)
- [33] IMF. (2022). Philippines Financial Sector Assessment Program. [Link](#) (IMF, 2022)
- [34] Clean Energy Finance and Investment Roadmap of the Philippines. (2024). OECD Report. (OECD, 2024)
- [35] Bangko Sentral ng Pilipinas. (n.d.). Branch and ATM Network Statistics. [Link](#)
- [36] Philippine Statistics Authority. (2024). 2024 CPES Component 2 – Press Release (Revised). [Link](#) (PSA, 2024).
- [37] Philippine Statistics Authority (PSA). (2025). Employment Rate in November 2024. [Link](#); TABLE B - Employment by Major Industry Group and Total Hours Worked, Philippines (PSA, 2025)
- [38] Presentation on “Just Transition Program for a Low Carbon and Climate-Resilient Philippines” during the Just Transition Programme Kick-off Forum, (1 October 2024) (Just Transition Presentation, 2024)
- [39] Presentation on “Just Transition Program for a Low Carbon and Climate-Resilient Philippines” during the Just Transition Programme Kick-off Forum, (1 October 2024) (Just Transition Presentation, 2024)
- [40] Dimalanta, Rafael, Jan Marvi Atienza & Edrich Samonte. (2023). Putting Transport Workers and Commuters First: The Route to Just Transition in Public Transport Modernization. UP-Center for Integrative and Development Studies. [Link](#) (Dimalanta et al., 2023)
- [41] Presentation on “Just Transition Program for a Low Carbon and Climate-Resilient Philippines” during the Just Transition Programme Kick-off Forum, (1 October 2024) (Just Transition Presentation, 2024)
- [42] Presentation on “Just Transition Program for a Low Carbon and Climate-Resilient Philippines” during the Just Transition Programme Kick-off Forum, (1 October 2024) (Just Transition Presentation, 2024)

- [43] Department of Environment and Natural Resources (DENR). (2024). Message of Secretary Maria Antonia Yulo-Loyzaga during the Just Transition Programme Kick-off Forum, 1 October 2024, Novotel Manila Araneta City, Quezon City. [Link](#) (DENR, 2024)
- [44] Presentation on “Just Transition Program for a Low Carbon and Climate-Resilient Philippines” during the Just Transition Programme Kick-off Forum, (1 October 2024) (Just Transition Presentation, 2024)
- ROP. (2023). NDC Implementation Plan. [Link](#) (ROP, 2023)
- [45] DOE. (2023). Philippine Comprehensive Roadmap for the Electric Vehicle Industry. [Link](#) (DOE EV, 2023)
- [46] Department of Energy (DOE). (2023). Philippine Comprehensive Roadmap for the Electric Vehicle Industry. [Link](#) (DOE, 2023)
- [47] DOTr. (2023). Guidelines on the Implementation of Public Transport Modernization Program (PTMP) (DOTr, 2023)
- [48] DOTr. (2023). Guidelines on the Implementation of Public Transport Modernization Program (PTMP) (DOTr, 2023)
- [49] Vasolo Sunio & Jaime Mendejar. (2024). Financing low-carbon transport transition in the Philippines: Mapping financing sources, gaps and directionality of innovation.
- [50] Vasolo Sunio & Jaime Mendejar. (2024). Financing low-carbon transport transition in the Philippines: Mapping financing sources, gaps and directionality of innovation.
- [51] Vasolo Sunio & Jaime Mendejar. (2024). Financing low-carbon transport transition in the Philippines: Mapping financing sources, gaps and directionality of innovation.
- [52] Philippine Statistics Authority (PSA). (2025). Employment Rate in November 2024. [Link](#)
- [53] Philippine Statistics Authority (PSA). (2024). AFF third quarter report. [Link](#)
- [54] Department of Agriculture (DA). (2024). Department of Agriculture Unveils Strategic Plans for Modernization at FEF Fellows Meeting. [Link](#) (DA, 2024)
- [55] Philippine Development Plan 2023–2028. (2023). Philippine Development Plan 2023–2028. National Economic and Development Authority, Department of Economy, Planning, and Development. [Link](#) (PDP, 2023)
- [56] National Economic and Development Authority (NEDA). (2023). Philippine Development Plan 2023–2028. [Link](#)
- [57] Republic of the Philippines (ROP). (2023). Nationally Determined Contributions (NDC) Implementation Plan. [Link](#)
- [58] Republic of the Philippines (ROP). (2023). Nationally Determined Contributions (NDC) Implementation Plan. [Link](#)
- [59] Asian Development Bank (ADB). (2024). Institutionalization of Climate Resilient Agriculture: Policy Options and Investment Roadmap for Building Long-term Resilience in Agri-food Value Chains in the Philippines. [Link](#)
- [60] Ibid; See Table 14. Description of Selected Technology Options
- [61] World Bank. (2023). Reforming Agricultural Insurance: Technical Report and Recommendations. [Link](#)
- [62] Republic Act No. 11901. (2022). The Agriculture, Fisheries and Rural Development Financing Enhancement Act of 2022.
- [63] Land Bank of the Philippines. (2025). Landbank declares PHP 33.53-B cash dividends to National Government on strong earnings. [Link](#) (Landbank, 2025).
- [64] Bangko Sentral ng Pilipinas (BSP). (2023). Philippine Rural and Cooperative Banking System Quarterly Report - 4th Quarter of 2023. [Link](#) (BSP, 2023)
- [65] Bangko Sentral ng Pilipinas. (n.d.). Financial System Accounts. [Link](#)
- [66] Bangko Sentral ng Pilipinas. (n.d.). Table 22: Financial System Accounts. [Link](#)
- [67] Bangko Sentral ng Pilipinas (BSP). (2024). Report on Recent Trends of the Philippine Financial System (March 2024). [Link](#) (BSP, 2024).
- [68] Bangko Sentral ng Pilipinas. (2024). Report on the Philippine Financial System: Second Semester 2024. [Link](#) (BSP, 2024)
- [69] Bangko Sentral ng Pilipinas. (2024). Report on the Philippine Financial System: Second Semester 2024. [Link](#) (BSP, 2024)
- [70] Asian Development Bank (ADB). (2018). Simulating Non-bank Financial Institutions’ Participation in Green Investments. [Link](#) (ADB, 2018)
- [71] International Monetary Fund (IMF). (2022). Philippines Financial Sector Assessment Program: Technical Note on Risk Assessment of Banks. [Link](#) (IMF, 2022).
- [72] Bangko Sentral ng Pilipinas (BSP). (2021). Financial Inclusion Reports and Publications. [Link](#) (BSP, 2021)
- [73] Green Climate Fund (GCF). (2024). Strategic Plan for the GCF 2024–2027. [Link](#)
- [74] Asian Development Bank (ADB). (2023). Update on the Energy Transition Mechanism. [Link](#)
- [75] Asian Development Bank (ADB). (2023). Update on the Energy Transition Mechanism. [Link](#) (ADB, 2023)
- [76] Climate Investment Funds (CIF). (2024). Accelerating Coal Transition Investment Plan for the Philippines. [Link](#)
- [77] Gozum, I. (2024). People’s Survival Fund Explainer. [Link](#)
- [78] Klima Center, Manila Observatory (2025) Lessons for the Fund for responding to Loss and Damage: A Case Study on Accessibility of the People’s Survival Fund in the Philippines [Link](#)
- [79] Baker McKenzie. (2024). Who regulates banking and financial services in the Philippines? [Link](#)
- [80] Bangko Sentral ng Pilipinas (BSP). (2020). The Philippine Sustainable Finance Roadmap. [Link](#)
- [81] Republic of the Philippines (ROP). (2021). Sustainable Finance Framework. [Link](#)
- [82] Bangko Sentral ng Pilipinas (BSP). (2024). Media and Research Update on Reserve Requirements and Policy. [Link](#) (BSP, 2024)

- ^[83] BusinessWorld. (2024). Philippines faces \$16-B funding gap for green transition. [Link](#)
- ^[84] ASEAN Secretariat. (2024). Policy Brief on Climate Change. [Link](#)
- ^[85] World Bank. (2022). Green Bond Market Survey for the Philippines. [Link](#)
- ^[86] Asian Development Bank (ADB). (2022). Green Bond Market Survey for the Philippines. [Link](#) (ADB, 2022)
- ^[87] International Finance Corporation (IFC). (2022). Unleashing Sustainable Finance in Southeast Asia. [Link](#)
- ^[88] World Bank. (2022). Survey Report on Green, Social, and Sustainability Bonds. [Link](#)
- ^[89] The Asset. (2025). Philippines issues first euro sustainability
- ^[91] World Bank. (2022). Philippines Financial Sector Assessment. [Link](#) (World Bank, 2022)
- ^[92] Asian Development Bank (ADB). (2022). Green Bond Market Survey for the Philippines. [Link](#) (ADB, 2022)
- ^[93] World Bank. (2022). Philippines Financial Sector Assessment Program. [Link](#) (World Bank, 2022)
- ^[94] Asian Development Bank (ADB). (2022). Green Bond Market Survey for the Philippines. [Link](#) (ADB, 2022)
- ^[95] Chinabank. (2023). Annual Report 2023. [Link](#) (Chinabank, 2023)
- ^[96] Metrobank. (2023). Sustainability Report 2023. [Link](#) (Metrobank, 2023)
- ^[97] Security Bank. (2023). Annual Report 2023. [Link](#) (Security Bank, 2023)
- ^[98] Republic of the Philippines (ROP). (2021). Sustainable Finance Framework. [Link](#) (ROP, 2021)
- ^[99] International Finance Corporation (IFC). (2022). Unleashing Sustainable Finance in Southeast Asia. [Link](#)

International Labour Organization

Route des Morillons 4
CH-1211 Geneva 22
Switzerland
T. 41 22 799 6111
E. socialfinance@ilo.org

► ilo.org

