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# Philippine Initiatives for Sustainable Infrastructure

## Innovative Financing Approaches for Sustainable Infrastructure

11 February 2019, Bangkok



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**COMMISSIONER**

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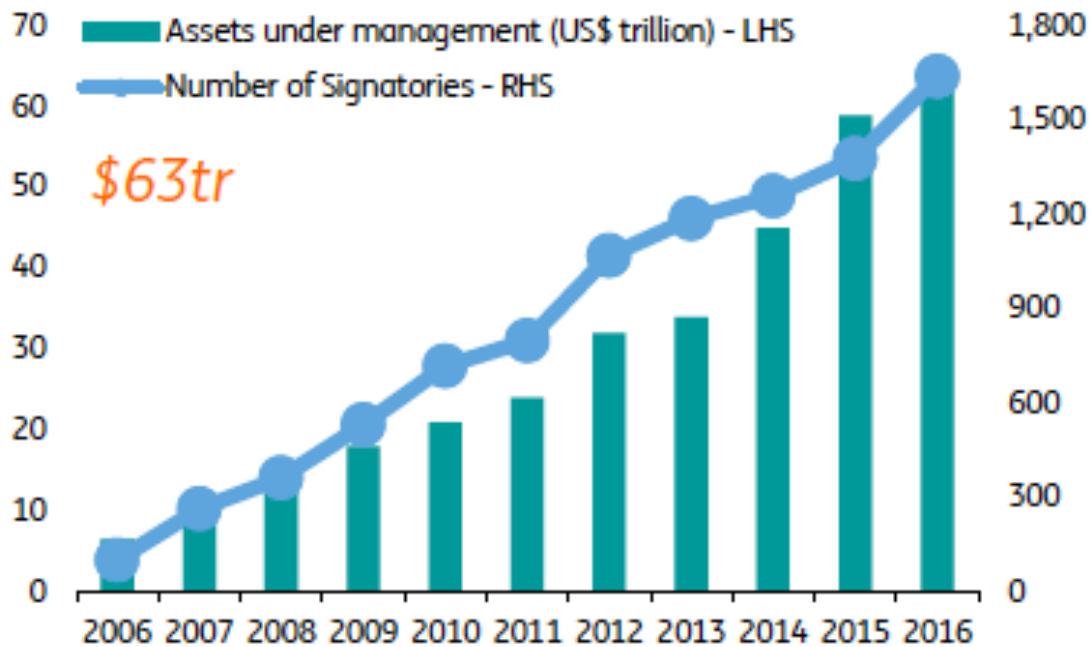
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# SOCIALLY RESPONSIBLE INVESTING (SRI)

## Considerations

- **Sustainable investing:**  
Represents an investment approach that mobilizes capital in consideration of ESG factors
- **UN Principles for Responsible Investment:** ~1600 investors globally have signed up to the principles and report on sustainable investment. These parties use issuer sustainability ratings as a basis for their Environmental, Social and Governance (ESG or "sustainable") investment decisions
- **Green bonds** are a thematic approach which is not focused on the sustainability of the issuer but on the projects financed

## Demand for Social Responsible Investments increasing

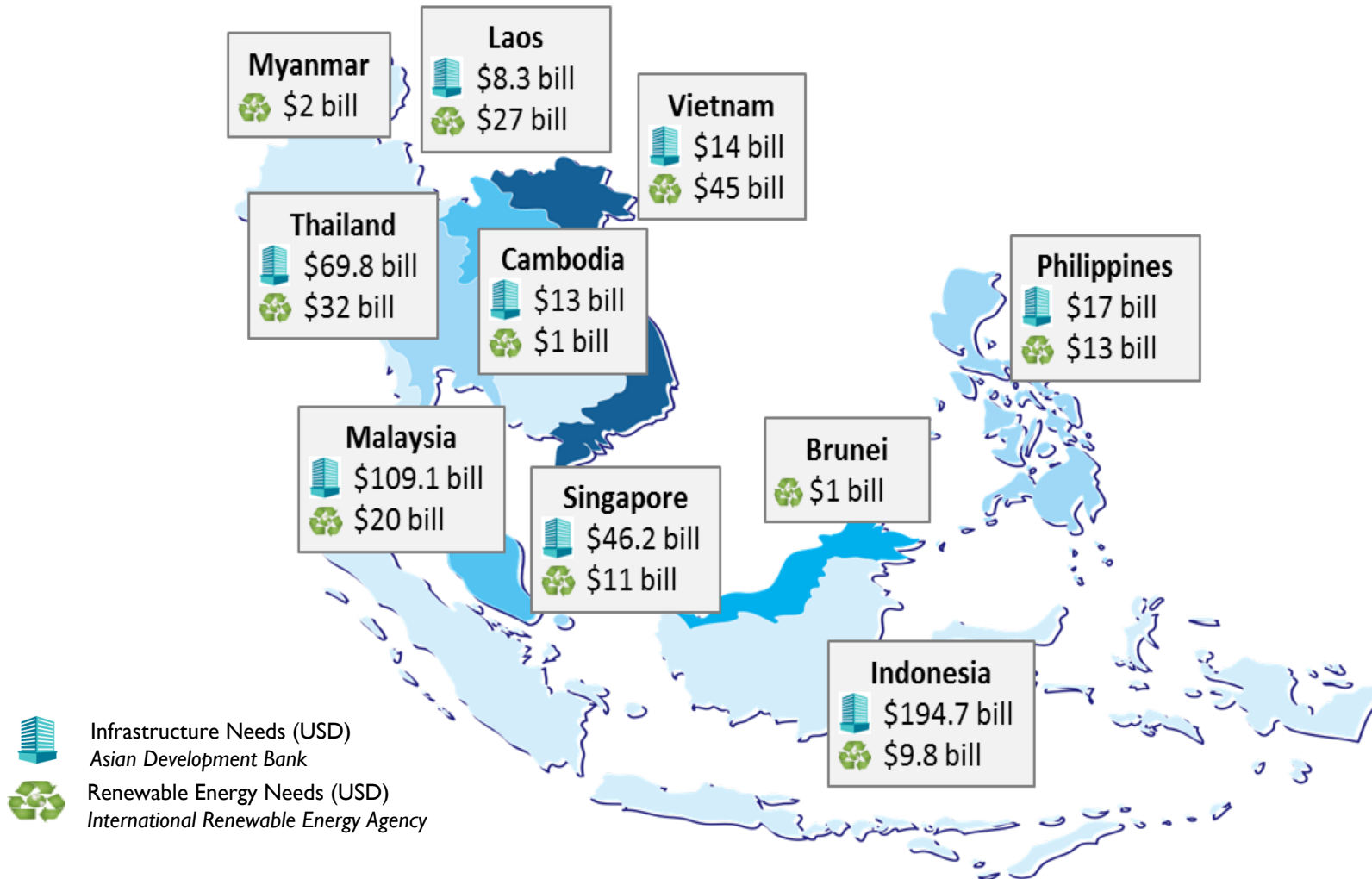


Source: United Nations PRI

## UN PRI leading advocate of responsible investment



# ASEAN'S SUSTAINABLE DEVELOPMENTAL NEEDS



ASEAN countries are undergoing rapid development:

- ASEAN economies are expected to grow at **5.2%** between **2016** and **2020**
- Infrastructure investment needs of **US\$470 billion** between **2009** and **2020**
- Renewable energy investments needs of **US\$290 billion** between **2016** and **2025**

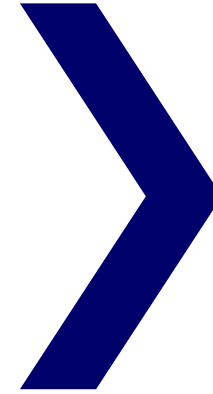
# ASEAN GREEN BOND STANDARDS



# ASEAN GREEN BOND STANDARDS



## ADDITIONAL FEATURES:



1. Use of Proceeds
2. Framework for Selection
3. Management of Proceeds
4. Annual Reporting

- a) ASEAN Issuer/Issue
- b) No Fossil Fuels
- c) Disclosure on website
- d) Encourage more frequent reporting
- e) Qualifications for external reviewers

# PHILIPPINE GREEN BOND ISSUANCES



- **PHP12.5 Billion (2016)**
- **“Firsts”:** labelled Green Bond in Philippines; CBI-certified in Asia Pacific; CBI-certified for a single project in Emerging Markets; project finance notes issued in PHP in the power sector; credit-enhanced project notes in SEA (excluding Malaysia) since ‘97-98 Asian crisis



- **USD150 Million (2018)**
- **IFC’s first green bond investment** in a financial institution in East Asia and the Pacific.



- **PHP4.8 Billion (2018)**
- **First green bond denominated in pesos and issued by a multilateral development institution.**



- **PHP1.06 Billion (2018)**
- **A synthetic local currency issue** covering PHP but issued and settled in USD.
- **First 10-year local currency Green Bond** transaction from South East Asia.



- **USD150 Million (2018)**
- **China Bank’s first green bond.**
- **This green bond will bring up China Bank’s climate portfolio to over US\$200 million**



# GREEN BOND IN THE PHILIPPINES: RCBC ASEAN GREEN BONDS (2019)



## TERMS AND CONDITIONS

Issuer	Rizal Commercial Banking Corporation (RCBC)
Issue	Peso-denominated ASEAN Green Bond
Facility	PHP5.0 Billion, with option to upsize
Tenor	1.5 years
Use of Proceeds	RCBC intends to allocate an amount equal to the incremental net proceeds of any Green Financing Instrument (GFI) to finance and refinance RCBC's loans to customers or its own operating activities in Green Eligible Categories.
Sole Green Structuring Advisor	ING Bank
2nd-Party Opinion Provider	Sustainalytics
Joint Bookrunners	HSBC and ING Bank

## ISSUER BACKGROUND

- RCBC provides a wide range of financial products, both locally and internationally. It operates through Retail, Corporate, Treasury, etc.
- RCBC developed its “RCBC Green Finance Framework” under which it is considering to issue green bonds and green loans to finance or refinance existing and future projects to reduce the environmental footprint (carbon, GHG, and waste) in the PH.
- RCBC has been an active proponent in the RE space having provided substantial financing support to a number of landmark projects in the PH as well as in SE Asia.

## TRANSACTION HIGHLIGHTS

- First labelled-ASEAN Green Bond issued in the Philippines.
- First green bond issued by RCBC.
- 2<sup>nd</sup>-party opinion by Sustainalytics concluded that the RCBC Green Finance Framework is credible and impactful, and aligns with the 4 components of the GBP 2018, the Green Loan Principles 2018, and the ASEAN GBS 2018.
- The RCBC Green Finance Framework also contributes to the UNDP Sustainable Goals – 7: Affordable and clean energy, 11: Make cities and human settlements inclusive, safe, resilient, and sustainable, and 12: Responsible consumption and production.



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# THANK YOU!