

- [News](#)
- [Top News](#)

# Green financing: Lawmaker pushes creation of pioneering bank for environmental protection, climate change

By [Jasper Y. Arcalas](#)  
December 2, 2017

A lawmaker is pushing for the creation of a Philippine Green Bank (PGB) that would provide financing to projects that seek to preserve the environment and address climate and disaster risks.

Sen. Loren P. Legarda, who chairs both the Committees on Climate Change and Finance, said having a green economy would allow the Philippines to become a climate-smart and climate-resilient nation.

“If we want to sustain this path, we need to scale up green financing for adaptation and mitigation measures that will further enable us to protect our environment and our people’s lives and livelihoods. As we go through with our event today, perhaps our discussions should not only focus on how we could enable green financing in all sectors in our country, but also how we can sustain it,” Legarda said in her keynote address during the Green Breakthroughs 2017 at Shangri-La Hotel, Makati City, on November 27.

“Green financing essentially means investing on projects that preserve our environment and address our climate and disaster risks. It supplements existing government-funded projects by encouraging private investments in order to maximize our nation’s capacity to protect the environment and address climate change,” Legarda added.

The lady lawmaker has filed Senate Bill 436, which proposes the establishment of environmental units in every banking institution to assess the environmental component of loan projects.

### **Awareness**

Under the measure, the environmental unit shall be composed of three functional units, namely, Environmental Review and Assessment Unit, tasked to ensure the environmental soundness of the project and the account's compliance with environmental laws, thereby avoiding environmental risks; Environmental Policy, Planning and Systems Management Unit, tasked to develop/enhance the lending institutions' internal policy to effectively implement the corporate environmental policy; and Environmental Program Management Unit tasked to develop/manage grant-assisted environmental programs and assist project management units in developing environmental-related lending facilities that will provide services/support to the bank and its clients.

“A Philippine Green Bank, which would have natural bias to finance green projects, could be developed using taxes on coal, other green-financing reserves, or grants from foundations and corporations that support climate investments,” she said.

“The government could also provide technical assistance to assist the private sector in addressing regulatory challenges and technical risks. The government may also share the cost and risk in these climate investments,” she added.

However, Legarda pointed out that before investments come in for a green economy, there should be a high level of awareness of climate-change impacts among Filipinos.

“To encourage investments, we must first increase awareness on the severe impacts of climate change within sectors,” she said.

“A national loss and damage registry and vulnerability assessment could help our banks assess the need of a proponent in a particular area for a certain project and realize the urgency of lending funds to finance it,” she added.

### **Everybody's duty**

Legarda said the government should become an enabler in creating a green economy. However, she added that transforming the country into a climate-resilient nation is not just the government's job, but everybody's duty.

“Our government certainly cannot do this alone. This would entail greater involvement from the private sector in transitioning our whole nation toward the achievement of our national targets,” she said.

“The government has already started ‘greening’ our industries in various sectors, but our financial institutions and private banks could further escalate this green growth to a higher level. A strong partnership among the government, the private sector and financial institutions will be needed to put in place the right conditions to attract domestic and foreign low-carbon investments,” she added.

Legarda said there is also the need to overcome challenges that hurdle financial institutions to lend to green-related projects and businesses.

## **Requirements**

“While the demand side faces high capital requirements, green lending institutions also face challenges, such as market gaps, which are heightened because of uncertainties and the lack of large-scale long-term finance,” she said.

“For the private banks, long-term lending is constrained by the long-term risks associated with the global financial crisis, liquidity requirements, and sustainability of climate investments, among others,” she added.

The Duterte administration's Philippine Development Plan 2017-2022 stipulated the need for the creation of a green economy to mitigate the negative impacts of climate change to the country. These include the promotion of green technology innovations and climate-smart infrastructure designs as prescribed in the Green Building Code of the Department of Public Works and Highways.

“What is important is the commitment from the government, private banks and financial institutions to spur and sustain green financing. All proponents should not wait for each other’s move; rather, we must act harmoniously,” she said.

“We cannot expect that our households would all of a sudden shift to using solar panels if there would be no businesses that can provide them the technology, and we also cannot expect that there would be business ventures on solar panels if green banks cannot even fund their start-up. Most certainly, we cannot foster the right kind of relationship among these actors if the government does not even help create the enabling environment,” she added.

<https://businessmirror.com.ph/green-financing-lawmaker-pushes-creation-of-pioneering-bank-for-environmental-protection-climate-change/>