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Diokno: Developing countries need help funding climate efforts

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DEVELOPING countries are heavily dependent on outside financing to execute their climate-change mitigation plans, Finance Secretary Benjamin E. Diokno said at the annual meetings of the International Monetary Fund (IMF) and World Bank in Washington, DC.

"We strongly support the call for the World Bank, the IMF, and all other multilateral institutions to continue providing technical and financial assistance that will cater to emerging and developing countries on a much greater scale. This will provide us with better opportunities to access funding that is tailored to fit each country's needs," Mr. Diokno said on Tuesday.

Mr. Diokno was addressing the 108th Meeting of Ministers and Governors of the Intergovernmental Group of 24 on International Monetary Affairs and Development (G-24), according to a statement carrying his remarks issued by the Department of Finance (DoF).

The World Bank Group has said that it is ready to increase its support for the Philippines in the areas of agriculture, education, tourism, water and energy.

Approved commitments for this year amount to $1.5781 billion. As of March, the World Bank was the

Philippines' third-largest source of official development assistance, with loans and grants accounting for 23.38% of the total.

"At present, the World Bank Group has a Global Crises Response Package to help countries navigate multiple crises, including food and energy security, learning losses due to school closures during the pandemic, climate change mitigation and adaptation, and other long-term development challenges," the DoF said.

Last year, the World Bank, also known as the International Bank for Reconstruction and Development, provided $1.376 billion in budget support loans to the Philippines, accounting for 12% of that year's external financing.

During an intervention before the constituency members of World Bank Executive Director Erivaldo Gomes, Mr. Diokno outlined several of the Philippine government's policy interventions against rising inflation.

"To cushion the effects of inflation, the Philippine government continues to extend targeted support to the most vulnerable sectors, including public transport workers, farmers, fisherfolk, and indigent senior citizens," Mr. Diokno said. "We are also investing in improvements to local food production, ensuring the timely importation of goods, improving distribution efficiency, ensuring adequate power supply, and carefully monitoring policy considerations on wage and transport fare hike petitions."

"We expect inflation to remain elevated as long as world prices of oil remain high," he added. "Nevertheless, with our combination of fiscal and monetary policies, we are optimistic that the average inflation rate will be within our target of 4.5% to 5.5% for 2022."

On the monetary side, the Bangko Sentral ng Pilipinas has so far raised borrowing costs by 225 basis points since May.

Concerning climate change, Mr. Diokno said that the integrated green, resilient, and inclusive development (GRID) strategies baked into its post-pandemic recovery plans.

Mr. Diokno affirmed Philippine commitments under the Paris Agreement, specifically the adoption of its first nationally determined contribution (NDC) of reducing its greenhouse gas emissions by 75% by 2030, among others.

"As in other countries, these NDC actions are heavily reliant on external financing. We see the key role of the World Bank Group — the largest multilateral provider of climate finance — in mobilizing more international public and private finance to accelerate GRID programs," Mr. Diokno said.

Last month, Mr. Diokno said that he was not concerned about the tight prevailing fiscal conditions as he sought to finance the government's climate change initiatives. In the P5.268-trillion proposed budget for 2023, the climate change adaptation budget has increased to P453.1 billion from P289.7 billion this year.

At the end of the second quarter, the Philippines' debt-to-gross domestic product ratio was 62.1%, above the prescribed 60% threshold multilateral lenders recommend for developing economies. Its rise from 39.6% at the end of 2019 reflects the debt taken on to finance pandemic containment measures.

Mr. Diokno has said that the government intends to keep foreign borrowing at 25% of the total, falling eventually to 20%, in order to minimize foreign exchange risk. — **Diego Gabriel C. Robles**