Early Warning System

# AIIB-001101

## Philippines: Energy Transition and Climate Resilience

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### Quick Facts

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| **Countries** | Philippines |
| **Financial Institutions** | Asian Infrastructure Investment Bank (AIIB) |
| **Status** | Proposed |
| **Bank Risk Rating** | U |
| **Voting Date** | 2026-11-01 |
| **Borrower** | Government of the Philippines |
| **Sectors** | Climate and Environment, Energy, Law and Government, Water and Sanitation |
| **Investment Type(s)** | Loan |
| **Investment Amount (USD)** | $ 200.00 million |
| **Loan Amount (USD)** | $ 200.00 million |

## Project Description

According to the AIIB, the Program Development Objective is to support the Government of the Philippines' reforms to (1) scale up adoption of clean energy technologies; (2) increase the security, flexibility, and competition of electricity markets; and (3) improve water management across water uses.

The proposed Climate Policy-Based Financing (CPBF) will co-finance the second operation of a programmatic Development Policy Loan (DPL) series led by the World Bank (WB). The series supports the Government of the Philippines (GoP) in advancing the clean energy transition and strengthening water security and resilience. The first operation was approved by the WB in March 2025 and became effective on June 8, 2025. Building on the policy and institutional reforms initiated under the first operation, the proposed CPBF seeks to further strengthen the enabling framework for scaling up renewable energy deployment, enhancing electricity market efficiency, and improving water governance and service delivery. The proposed CPBF ensures continuity in implementation of reform and provides a robust platform for sustained policy dialogue and engagement. The Program is structured around three Reform Areas aligned with the development objective:

- **Reform Area 1- Scaling up adoption of clean energy technologies:** Reform Area 1 supports reforms to accelerate private sector investment and delivery of RE (RE) projects, while promoting energy efficiency (EE) market transformation and the electrification of transportation. This Reform Area contributes to the energy transition goals of GoP and climate mitigation.
- **Reform Area 2- Increasing the security, flexibility, and competition of electricity markets:** Reform Area 2 supports reforms to address critical gaps in electricity market design and regulations that constrain greater integration of RE and weaken competition among electricity suppliers. This area contributes to the energy transition goals of GoP and climate mitigation.
- **Reform Area 3- Improving water management across water uses:** Supports reforms to strengthen water management across competing uses, with a particular focus on poor and vulnerable areas. Initial reforms emphasize improvements in water resources management and water supply and sanitation (WSS) service delivery. This area contributes largely to climate adaptation.

### Institutional Arrangements

The Department of Finance (DOF), through its International Finance Group, will serve as the Program Executing Agency, leading overall coordination and monitoring the operation. DOF will serve as the primary counterpart to both the WB and AIIB, ensuring alignment with program objectives and consolidating progress reports from implementing agencies. DOF has a well-established mandate to manage and coordinate policy-based financing operations in the Philippines, including inter-agency coordination, approval processes, disbursement arrangements, and monitoring of policy actions. DOF's central role provides a strong institutional foundation for overseeing the proposed reforms and ensuring alignment with national budgetary priorities and macro-fiscal objectives. Implementation of sector-specific reforms will be undertaken by the relevant line agencies in accordance with their statutory mandates.

The Program's Implementing Agencies include the Department of Energy (DOE), Energy Regulatory Commission (ERC), Department of Environment and Natural Resources (DENR), Department of the Interior and Local Government (DILG), and the Department of Economy, Planning and Development (DEPDev). AIIB will maintain close engagement with DOF and the relevant line agencies to monitor implementation progress, provide technical input as needed, and ensure timely and accurate reporting. Coordination will be further supported through regular consultations and joint reviews to address implementation challenges and sustain reform momentum.

### Financing Modalities

The proposed CPBF will be structured as a single tranche operation for AIIB and parallel co-financing with the WB. This

## Investment Description

- Asian Infrastructure Investment Bank (AIIB)

## Contact Information

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**Borrower - Department of Finance, Philippines:**

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### ACCESS TO INFORMATION

You can submit an information request for project information at: https://www.aiib.org/en/contact/information-request/index.html

### ACCOUNTABILITY MECHANISM OF AIIB

The AIIB has established the Accountability Mechanism for Project-Affected People (PPM). The PPM provides Òan opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIBÕs failure to implement the ESP in situations when their concerns cannot be addressed satisfactorily through Project level GRMs or AIIB Management processes.Ó Two or more project-affected people can file a complaint. Under the current AIIB policy, when the bank co-finances a project with another development bank, it may apply the other bank's standards. You can refer to the Project Summary Information document to find out which standards apply. You can learn more about the PPM and how to file a complaint at: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html

The complaint submission form can be accessed in Arabic, Bahasa Indonesia, Bengali, Chinese, English, Tagalog, Hindi, Nepali, Russian, Turkish, or Urdu. The submission form can be found at: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/submission/index.html

## Bank Documents

- Environmental and Social Matrix
- Project Summary (June 5, 2026) [Original Source]