BANGKO SENTRAL NG PILIPINAS
SUSTAINABILITY OFFICE

The BSP's Sustainable Finance Agenda

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Climate and nature risks are increasingly financial stability risks.

#1

in global disaster risk since 2022[1]

1.2%

of GDP lost annually to typhoons and floods[2]

7.6%

of GDP at risk from climate damage by 2030[2]

<6%

of weather-related losses in Asia-Pacific were insured[3]

Climate and nature risks transmit into the financial system through credit quality, liquidity, and stability. This is a financial stability agenda.

1 WorldRiskReport, World Risk Index (2025)
2 Country and Climate Development Report, World Bank Group (2022)
3 Extreme weather risks in Asia-Pacific, Munich Re (n.d.)

A resilient financial system is better positioned to finance a resilient economy.

#1

A Climate-Resilient Financial System

Financial institutions identify, measure, and manage climate and nature-related risks to their own stability so that climate shocks do not become financial shocks.

#2

A Financial System Enabled to Finance Climate Resilience

Financial institutions are equipped to direct capital toward adaptation, mitigation, and transition so that finance is part of the solution, not just a recipient of risk.

The BSP advances sustainable finance through sound risk management, better information, and market enablers

#1 PRUDENTIAL FOUNDATIONS

Regulations
- Sustainable Finance Framework
- ESRM Framework
- Guidelines on the Integration of Sustainability Principles in Investment Activities of Banks

#2 INFORMATION INFRASTRUCTURE

Taxonomy
- Philippine SFTG
- Philippine Adaptation and Resilience Catalogue (PARC)

Disclosure standards

Data Partnerships

#3 MARKET-ENABLING MECHANISMS

Promoting risk-sharing mechanisms
- Blended finance
- Parametric insurance

Regulatory incentives

MFIs make climate resilience local.

MFIs' local reach and client knowledge can help identify where climate shocks become income disruption, repayment stress, and portfolio risk.

7M	92.2%	62.5%
clients reported by microfinance NGOs in 2025	LGUs with MFI operations as of Q3 2025	unbanked LGUs with MFI presence as of Q3 2025

WHAT MAKES MFIs EFFECTIVE PARTNERS?

- **Granular risk insight**: Understanding how climate hazards affect livelihoods, repayment capacity, and portfolio concentrations.
- **Client-centered perspective**: Aligning financial solutions with client needs and credit cycles through established relationships.
- **Learning at scale**: Generating data and feedback that improve product fit and consumer safeguards, and guide decisions on wider adoption

> MFIs' proximity to clients makes them important to understanding climate risks and identifying practical resilience and risk-protection solutions.

1 Source: BSP Financial Inclusion Dashboard (2025); responding microfinance NGOs only.
2 National Strategy for Financial Inclusion Annual Report (2025)

Parametric insurance can support timely recovery and credit continuity.

WHAT IT IS

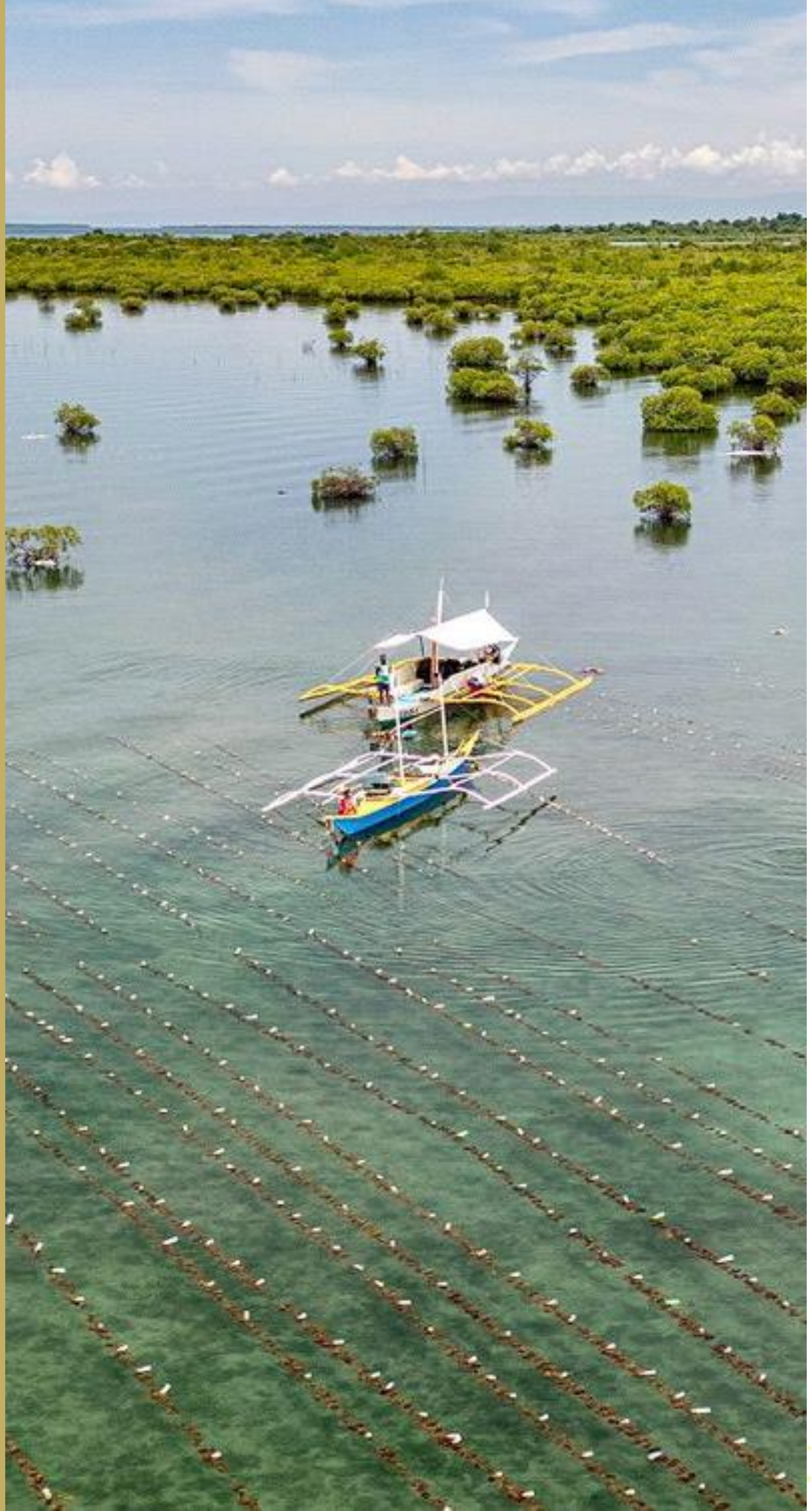
Parametric insurance provides a pre-agreed payout when a defined hazard threshold—such as rainfall, wind speed, or flood level—is reached.

WHY IT MATTERS

- **Stronger clients**: Timely liquidity helps borrowers recover and maintain their capacity to repay and borrow.
- **More resilient portfolios**: Protection can reduce repayment disruption and help manage correlated climate risks.
- **Potential to sustain lending:** By mitigating climate-related disruptions, parametric insurance may help MFIs continue serving climate-exposed clients and communities.

WHY IT MAY BE RELEVANT TO MFIs

Credit-linked models may offer a practical distribution pathway—using existing client relationships, portfolio data, payment channels, and servicing infrastructure to align insurance with loan cycles and climate exposure – supporting timely payouts.



What responsible scaling requires—some key takeaways from the BSP Knowledge Exchange Session

ITERATE AND LEARN

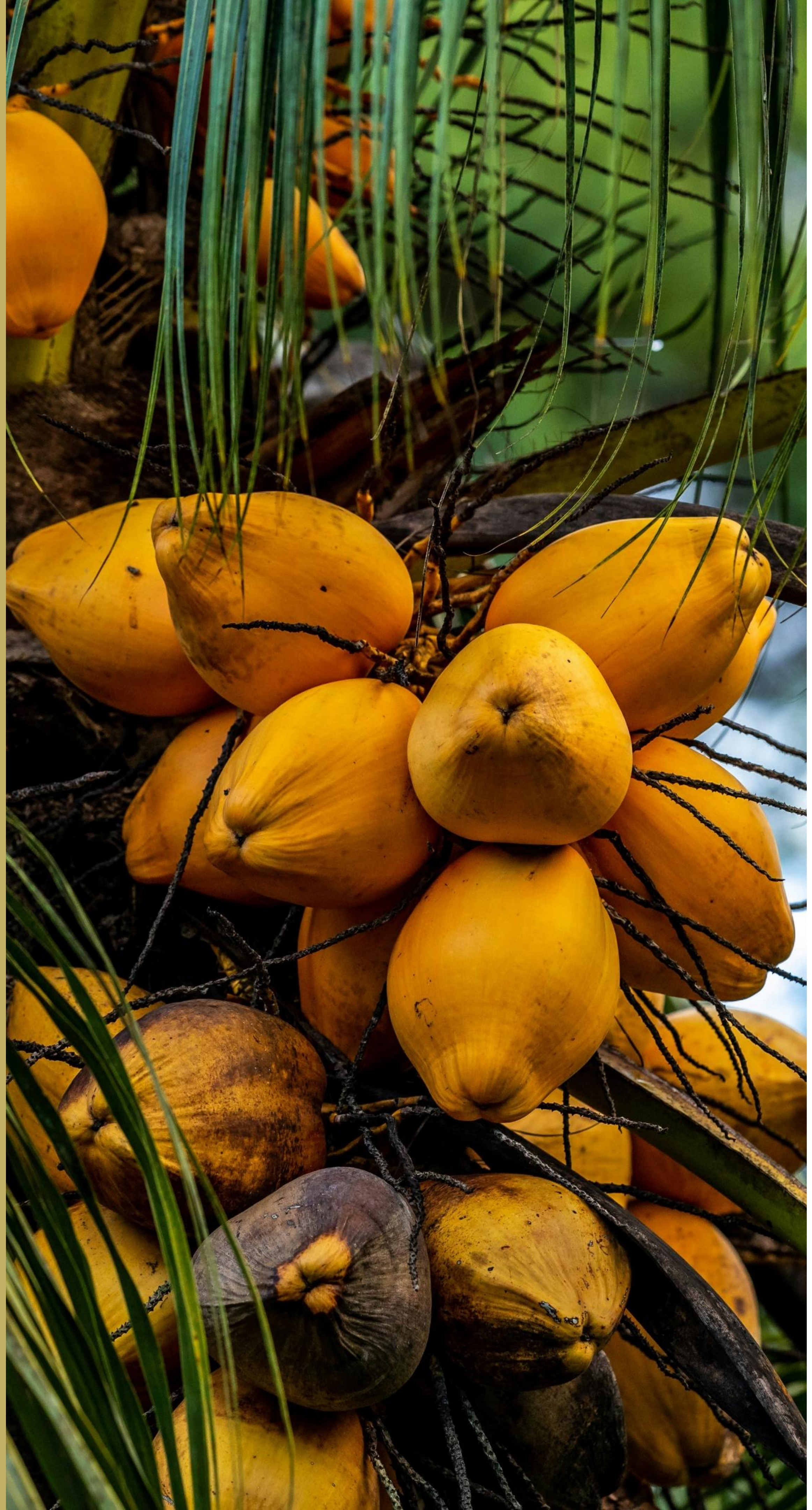
Early pilots use community engagement and borrower feedback to refine products and calibrate triggers to local conditions, helping manage basis risk over time.

PARTNER FOR STRONGER DESIGN

- Public-private partnerships and technical assistance combine data, expertise, and market knowledge to improve triggers.
- Concessional funding can help absorb early costs, de-risk innovation, and addresses affordability and distribution barriers.

BUILD PATHWAYS TO SCALE

MFIs can pilot solutions before scale—testing affordability, client understanding, grievance handling, distribution capacity, and outcomes for both borrowers and lenders.



Building resilience together: MFIs can help shape solutions that respond to risks on the ground.

IDENTIFY THE NEED
Use client and portfolio experience to identify where climate shocks are creating material risks.

BRING LOCAL KNOWLEDGE
Bring insights on livelihoods, cash flows, climate exposure, and client needs into the design of solutions.

HELP TEST WHAT WORKS
Participate in pilots and provide feedback on affordability, triggers, client understanding, and actual outcomes.

PARTNER TO BUILD WHAT WORKS
Work with insurers, data providers, government, and development partners—bringing complementary capabilities to the table.

Thank you.

Learn more about the BSP Sustainability Agenda by visiting the BSP Green Hub.