

Sustainable Banking Network



Conference: The Role of Financial Governance in Greening Financial System
Berlin, Nov 9, 2015

Outline

- **About the Sustainable Banking Network (SBN)**
- **Pioneering National Initiatives**
- **Common Success Factors**

About the Sustainable Banking Network (SBN)

SBN



- Launched in **2012**
- A **unique, knowledge-sharing** network of banking regulators and banking associations
- Supports a level playing field for **E&S risk management** by financial institutions
- **Promotes** green and inclusive lending

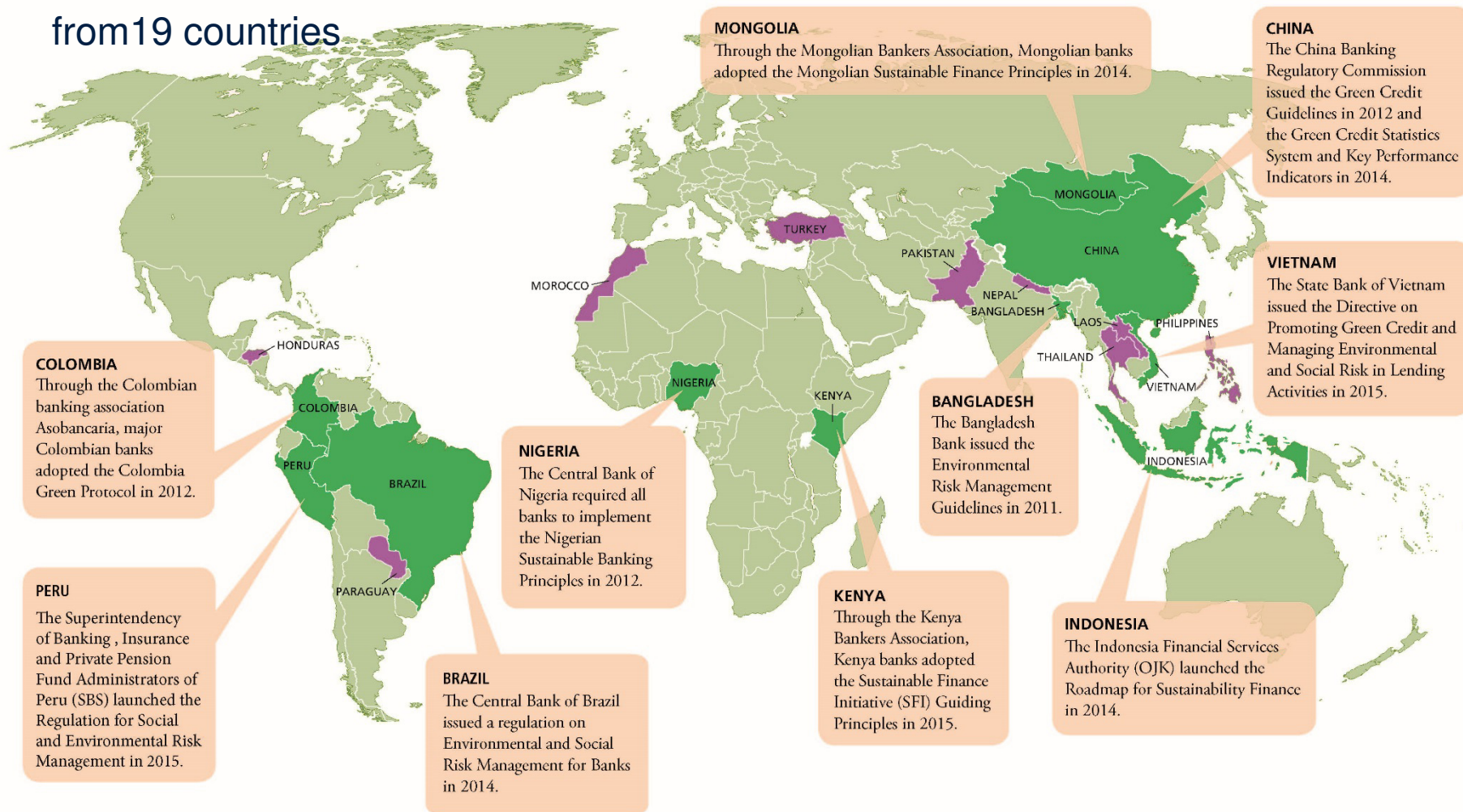
IFC

*Technical Advisor
Facilitator
Secretariat*

- **Supporting** development and implementation of national policies/guidelines
- **Facilitating** South-South learning and cooperation
- **Co-hosting** SBN annual meetings
- **Developing and disseminating** tools and knowledge resources
- **Managing** membership

Sustainable Banking Network

The Network currently consists of banking regulators and banking associations from 19 countries



- Existing guidance: Bangladesh, Brazil, China, Colombia, Indonesia, Kenya, Mongolia, Nigeria, Peru, Vietnam
- In dialogue: Honduras, Laos, Morocco, Nepal, Pakistan, Paraguay, Philippines, Thailand, Turkey

Existing Guidance from SBN Members-V2

| | 2007 | 2011 | 2012 | 2014 | 2015 |
|----------------------|--|--|--|--|---|
| Asia | <p>China China Banking Regulatory Commission (CBRC), People's Bank of China, Ministry of Environmental Protection - Green Credit Policy</p> | <p>Bangladesh Bangladesh Bank- Environmental Risk Management (ERM) Policy</p> | <p>China China Banking Regulatory Commission (CBRC) - Green Credit Guidelines</p> | <p>Indonesia OJK (financial regulator) -- Roadmap for Sustainable Finance in Indonesia 2015-2019</p> <p>Mongolia Mongolia Banking Association- Mongolia Sustainable Finance Principles and 4 Sector Guidelines</p> <p>China CBRC-Green Credit M&E mechanism and KPIs Checklist launched</p> | <p>Bangladesh Updated Bangladesh Bank- ESRM Guidelines of 8 Sector Guidelines (draft in consultation)</p> <p>Vietnam The State Bank of Vietnam-the Directive on Promoting Green Credit and Managing Environmental and Social Risks and 10-sector checklists</p> |
| Latin America | | | <p>Colombia Banking Association (Asobancaria) -Green Protocol</p> | <p>Brazil Central Bank's Guidelines of Social Responsibility Policy for FIs</p> | <p>Peru The Superintendency of Banking , Insurance and Private Pension Fund Administrators of Peru (SBS) –the Regulation for Social and Environmental Risk Management</p> |
| Africa | | | <p>Nigeria Central Bank of Nigeria -Nigerian Sustainable Banking Principles & 3 Sector Guidelines</p> | | <p>Kenya The Kenya Bankers Association (KBA)-Sustainable Finance Guiding Principles</p> |

Common Success Factors

- ✓ MULTI-STAKEHOLDER CONSULTATION AND COLLABORATION ON INDUSTRY-WIDE GUIDELINES
 - ✓ MANDATORY OR VOLUNTARY GUIDANCE TAILORED TO COUNTRY CONTEXT AND CULTURE
- ✓ COMBINING LOCAL E&S REQUIREMENTS AND INTERNATIONAL GOOD PRACTICE *(E.G. IFC PERFORMANCE STANDARDS, EQUATOR PRINCIPLES, WBG EHS GUIDELINES)*
 - ✓ CAPACITY BUILDING, ACCESS TO INFORMATION
- ✓ MARKET-BASED POLICY MECHANISMS; ECONOMIC INCENTIVES AND NEW BUSINESS MODELS
 - ✓ MONITORING (DATA COLLECTION) AND SUPERVISION MECHANISMS

2014 Statistics from CBRC

- The CBRC claims the balance of green lending by 21 major banks hit 6.01 trillion yuan (\$944 billion) by the end of 2014, a 15.67 percent rise from the beginning of that year.
- It said the projects supported by the loans were expected to reduce annual standard coal consumption by 167 million tons, water use by 934 million tons, carbon dioxide emissions by 400 million tons, sulfur dioxide emissions by 5.88 million tons and nitrogen oxide emissions by 1.6 million tons.