







Thursday, June 25th, 8:00 am EST | Register at: www.ifc.org/sbnwebinars



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Chair of SBN
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Coordinator of SBN IDA
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Ms. Nomindari Enkhtur
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Mr. Asif Iqbal
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Ms. Nuru Mugambi
Director, Kenya Bankers
Association



Ms. Louise Gardiner
Coordinator of SBN African region &
Green Bond Working Group
(Moderator)









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Coordinator of SBN African region
& Green Bond Working Group











Ms. Georgina Baker Vice President of IFC, Chair of SBN Secretariat

Sustainable Banking Network

NECESSARY AMBITION:

How Low-Income Countries Are Adopting Sustainable Finance to Address Poverty, Climate Change, and Other Urgent Challenges

June 2020

www.ifc.org/SBNnecessaryambition







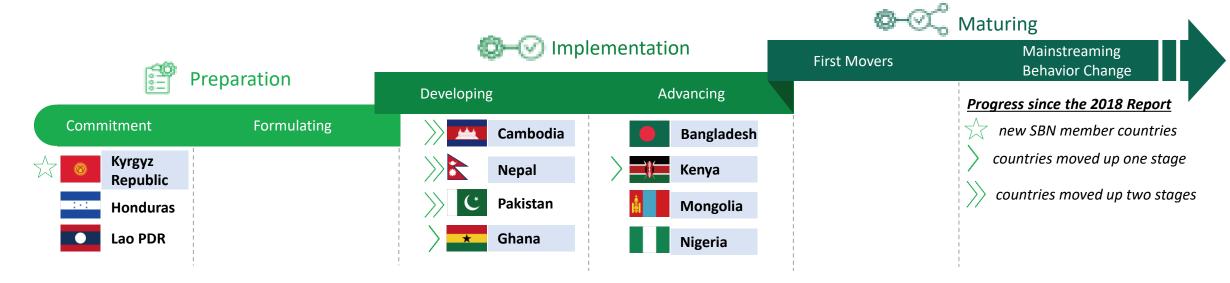






Mr. Batmunkh Batbold *Coordinator of SBN IDA Task Force*







^{*} Countries with gray background have dedicated to issue the Country Assessment Reports.





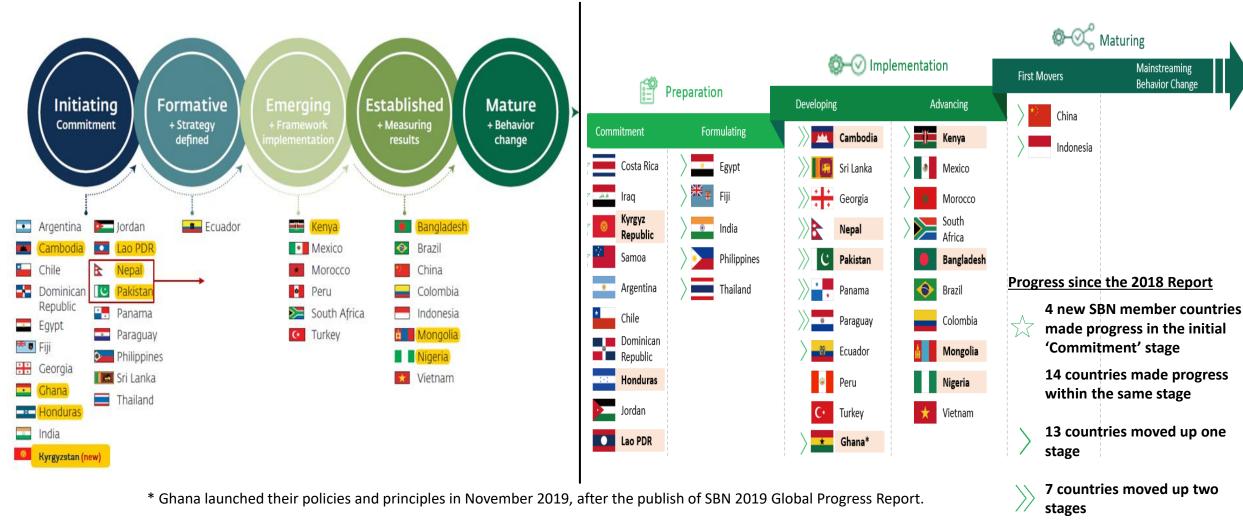




SBN Necessary Ambition Report – Background



Some IDA countries are among the more advanced SBN members, despite being faced many constraints



Source: SBN Global Progress Report 2018 Source: SBN Global Progress Report 2019

SBN Necessary Ambition Report – IDA Task Force



- Based on the members' request the SBN IDA Task Force (TF) was established to
 accelerate the sustainable finance framework development and implementation
 among the SBN IDA member countries.
- Understand the unique challenges and opportunities faced by SBN IDA member countries in developing/implementing sustainable finance framework.























Bangladesh, Cambodia, Ghana, Honduras, Kenya, the Kyrgyz Republic, Lao People's Democratic Republic, Mongolia, Nepal, Nigeria, and Pakistan.





SBN Necessary Ambition Report – IDA Diagnostic Assessment

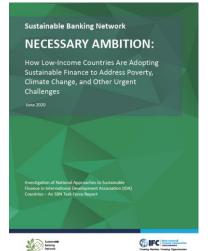


Built on the findings from the SBN Global Progress Reports

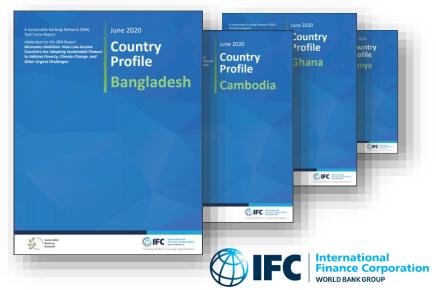
- Identify drivers and challenges to develop and implement sustainable finance framework
- Help IDA members to overcome common challenges on developing and implementing the sustainable finance framework
- Illustrate best practices and examples on leveraging sustainable finance framework to address other financial sector development priorities



- Diagnostic survey findings
- 16 best practice case studies
- Country profile reports on 8 IDA members











 Policy environment was most often considered an important driving factor for sustainable finance development, followed by coordinated voluntary approach and environmental and social challenges

Medium Low Policy environment: National commitments to the Sustainable Development Goals (SDGs), Paris Agreement on Climate Change, or a National Sustainable Development Policy Policymaker and/or regulator engagement: National guidelines or regulatory requirements to better-manage environmental and social (E&S) risks in the financial sector, improving financial stability Coordinated voluntary approach: Initiative taken by local financial institutions to adopt international good practices in sustainable finance and level the playing field Market incentives: Opportunity to increase competitiveness and resilience of the financial sector through innovation in green and socially inclusive finance Environmental and social challenges: E&S risk exposure that fosters participation of financial institutions to address the E&S risks at the country level Peer experience: Demonstration effect of countries that have adopted a sustainable finance roadmap

Source: SBN Necessary Ambition report, 2020

Bangladesh, Ghana, Nepal, Pakistan

Mongolia, Nigeria

Cambodia, Kenya, Kyrgyz Republic Regulator drafts and launches the sustainable finance principles, with stakeholder consultation

 Regulator supports sustainable finance implementation with training and capacity building within financial institutions

Banking association initiated the process, but quickly moved to full regulator-industry-collaboration.

- Banking association receives mandate from banks
- Banking association drafts sustainable finance principles, often with oversight from working group of bank representatives
- Banks adopt the sustainable banking principles, supported with training and capacity building from the association

Public-Private Partnership for Implementation

There have typically been **two paths** selected by SBN IDA countries in **developing national** sustainable finance frameworks

• But gradually, there tends to be a **convergence** towards a public-private partnership approach.





Solutions

 The IDA members have faced similar challenges, but have responded with a range of different solutions, providing opportunities for peer learning.

Priority area	Description	High priority for
Green finance opportunities	Support green finance flows, such as green bond issuance	Bangladesh, Cambodia, Ghana, Kenya, Mongolia, Nigeria
Sustainable finance roadmap	Create overarching framework to incentivize green finance flows	Bangladesh, Ghana, Mongolia, Nepal
Tocks and resources	Develop implementation tools, such as sector guidelines	Cambodia, Kenya, Mongolia, Nigeria
Extend sustainable finance to other financial subsectors	Embedding sustainable finance beyond banking sector, e.g., capital markets	Cambodia, Ghana, Mongolia
Increase engagement with regulator	Increase engagement with the regulator to support enforcement	Cambodia, Mongolia
Encourage reporting of sustainable finance progress	Support banks to report on progress, without overly burdening them	Kenya, Nigeria

Extensive varining, including workshops and train-the-trainer sessions

Development of E-learning platform for sensitization and training

Knowledge sharing meetings to share challenges, solutions, and best practice

Development of additional guidelines, templates, and taxonomies

Utilize the support of international partners

International exchange visits

Engagement with banks to persuade them of sustainable finance benefits

Demonstration of commitment among key stakeholders

Encourage ownership among the banks through significant engagement

Create awards for banks to incentivize strong performance

Implement sustainable finance gradually to support internal capacity building

 Developing green finance opportunities is a priority for IDA countries, supported by the development of a sustainable finance roadmap and other resources.



Source: SBN Necessary Ambition report, 2020

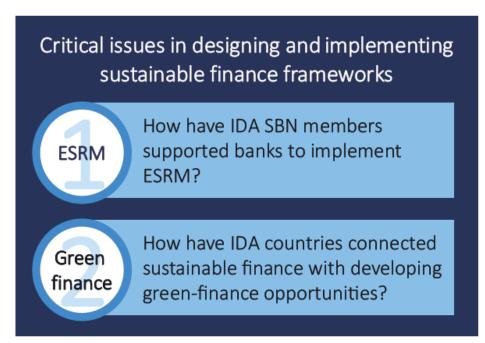


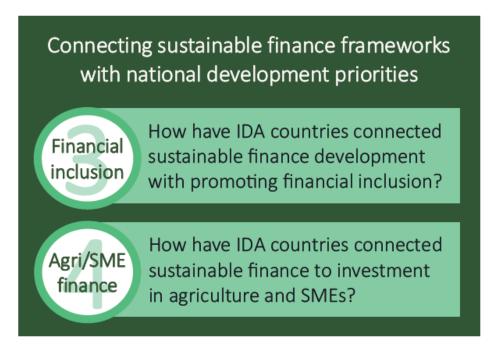
Challenges



 The Diagnostic identified a number of areas where IDA countries have demonstrated strong progress in implementing sustainable finance frameworks, and areas where sustainable finance has connected with broader development ambitions.

Four key themes in sustainable finance frameworks of SBN IDA member countries











- **ESRM** is a core component of sustainable finance development and has been comprehensively integrated into sustainable finance frameworks in IDA countries.
- IDA countries view **ESRM as a valuable tool** for addressing E&S challenges and increase resilience.

Finance Principles Bangladesh **Policy Guidelines** for Green Banking (2011) All commercial banks obliged to formulate specific polices and targets for environmentally sensitive sectors, and develop an environmental risk management manual for assessing and monitoring projects and working capital loans

The key objective is to strengthen the social and environmental risk capacity of banks Firms should seek to mitigate social Ghana Sustainable Banking **Principles** Identifying, measuring, mitigating and monitoring environment and social risks and opportunities in

banks' business activities is

one of seven principles

Cambodia Sustainable

Mongolia Sustainable **Finance Principles** ESRM is incorporated throughout, and is also a key component of the 2018 Mongolian Sustainable Finance Principle 3. Managing and Roadmap mitigating associated risks

Kenya Sustainable

Finance Principles

and environmental risks associated

risk assessment

procedures

Nigeria with their financing activities National Sustainable through client engagement **Banking Principles** and effective policies and Principle 1. Environmental and Social Risk Management We will integrate environmental and social considerations into decisior making processes relating to our Business Activities to avoid minimize, or offset

negative impacts

- Green finance is a key driver for the development of sustainable finance framework, particularly by facilitating green investments and unlocking sources of green capital.
- Overarching sustainable finance frameworks can create the structures necessary to develop innovative approaches to promote green finance instruments.





that traditionally have had

limited or no access to

the formal

financial sector



Creating Markets, Creating Opportunities

Mongolia Sustainable Finance Principles Cambodia Sustainable Principle 5. Promote **Finance Principles** financial inclusion Financial access and literacy We will promote a more inclusive included in emerging principles financial system in Mongolia by Promoting financial access and increasing access to financial financial literacy among rural and Kenya Sustainable products and services, low-income people will be **Finance Principles** providing financial covered in the sustainable Bangladesh Principle 2. Growth through education, and ensuring **National Financial** finance principles inclusivity and innovation consumers Inclusion Strategy Financial institutions in pursuit of are better protected Bangladesh is in the process of growth should innovate and leverage developing its national financial on existing and emerging inclusion strategy, where technology to reach current and Ghana Nigeria sustainable finance will potential markets while National Sustainable Sustainable Banking be one of its key pillars **Banking Principles Principles** economically Principle 5. Financial inclusion empowering 'Financial inclusion' is communities We will promote financial inclusion one of seven principles. seeking to provide financial services Supporting financial inclusion will to individuals and communities require capacity-building and

IDA members have integrated Financial inclusion into sustainable finance frameworks and adopted a range of approaches to support action on financial inclusion.

Source: SBN Necessary Ambition report, 2020

awareness creation among

banks, and a widening of the digital financial

space

- IDA members implemented different approaches to increase financing to the <u>Agriculture and</u>
 SME sectors.
 - Support more environmentally friendly technologies and approaches, focus to improve the sustainability of these sectors, encourage banks to expand their lending, manage/ monitor their lending portfolios to these sectors, and reflect this in the sustainable finance reporting requirements.



SBN Necessary Ambition Report – Conclusions



- Building sustainability into financial systems not only helps manage E&S and climate risks, but
 also de-risks markets to enable greater investment flows and deepen financial market
 development.
- In IDA countries, sustainable finance frameworks have the potential to:
 - **Enable** banks to implement ESRM so that they can comprehensively **monitor the risks associated** with their **lending portfolios** and encourage their clients to **address these risks**;
 - Direct domestic and international finance flows to E&S priorities;
 - Extend financial inclusion by delivering financial services to households; and
 - Boost financial flows to priority sectors.
- Sustainable finance frameworks provide an opportunity for IDA countries to increase their market resilience and unlock new green and inclusive investment opportunities.
- SBN IDA countries recognize that transitioning to sustainable financial systems is critical to their futures.





SBN Necessary Ambition Report – Next Steps



- To realize the benefits of integrating sustainability into financial systems and unlocking new climate investment opportunities, IDA countries need to continue to push for progress.
- IDA Diagnostic Assessment has demonstrated that leading countries have been able to
 overcome challenges to develop strong and sophisticated sustainable finance frameworks,
 but they face additional challenges in implementing sustainable finance frameworks. Further
 action and additional international support are needed.
- Investors and DFIs can enable new and innovative investment opportunities in emerging and developing financial markets, while helping countries achieve their green and development ambitions.
- The SBN network can provide invaluable support in assisting IDA members develop sustainable finance frameworks that address the E&S challenges, de-risk investment and unlock green finance at scale.

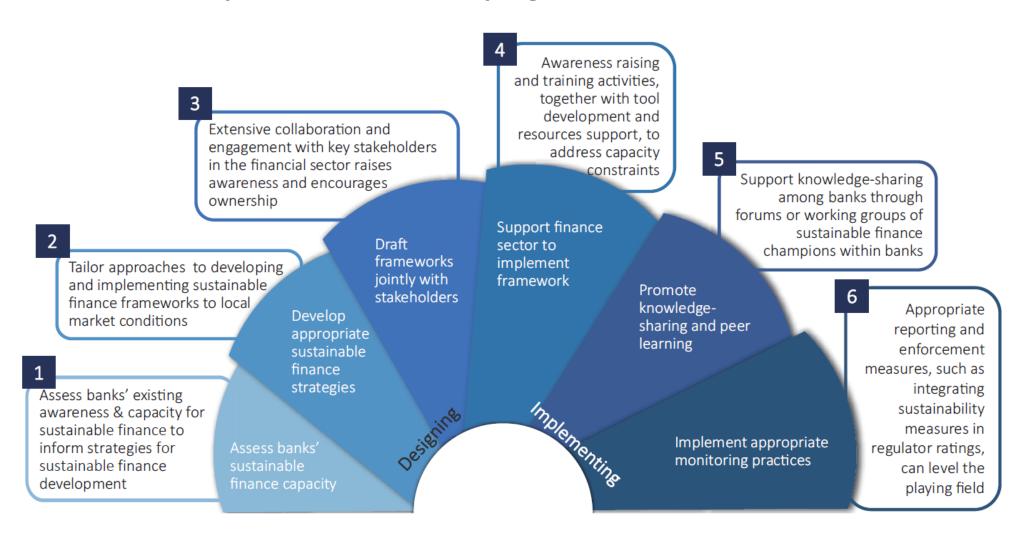




SBN Necessary Ambition Report – Tools



Initial Tool #1: Six best practices for developing sustainable finance in SBN IDA countries



SBN Necessary Ambition Report – Tools



Initial Tool #2: Common stages and steps for developing and implementing sustainable finance frameworks



- Synergy with the relevant national policy/strategy (e.g., commitment to the SDGs, the Paris Agreement on Climate Change, etc.) and awareness building on sustainable finance in the public and private sectors
- Identification of a lead organization (selection of the framework development approach, e.g., regulator-driven or industry-driven) and key stakeholder mapping
- Collaboration with leading international development partners and standard setters
- Signaling the intention and determination to develop sustainable finance framework
- Seek broader support from public and private sectors, secure support and commitment from the key stakeholders
- Formation of a working group with representatives from the key stakeholders and drafting of the sustainable finance documents reflecting the country's priorities and needs
- Multi-stakeholder consultation and technical discussion, including domestic and international partners/stakeholders, to discuss and finalize the documents, potentially with public comment period
- Launch of the sustainable finance document including supporting guidelines and tools
- Information dissemination both locally and internationally
- Development and issuance of other additional documents on data collection, monitoring, and reporting, and continuous improvement of existing documents
- Gradual behavior change in the financial sector

SBN Necessary Ambition Report – Tools



Initial Tool #3: Best practice solutions to overcome common challenges related to developing and implementing sustainable finance framework

- A failure by banks to recognize the value of sustainability and prioritize sustainability over short-term profits,
- Sensitization activities within financial institutions, to convince banks of the importance of sustainable finance and the benefits of adopting sustainable finance approaches.
- Capacity constraints within financial institutions that limit their engagement with and/or ability to implement sustainable finance approaches;
- Capacity building with financial institutions, through training of bank staff and developing additional resources to support the implementation of sustainable finance frameworks.

• *Limited national expertise* to lead and inform the sustainable finance process;

• Knowledge sharing and peer learning, through technical assistance within the SBN network and international exchange visits.

 A wariness among banks of additional regulatory burdens from aligning with sustainable financing frameworks; • Encouraging industry ownership of sustainable finance frameworks, engaging with banks in the process of developing sustainable finance frameworks and, where appropriate, using a phased approach during the implementation of sustainable finance frameworks.









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SBN activities & publications:

www.ifc.org/sbn

SBN webinars:

www.ifc.org/sbnwebinars

SBN Necessary Ambition Report:

www.ifc.org/SBNnecessaryambition









2. Engage

4. Refine

Dr. A'isha Mahmood Special Advisor to the Governor, Central Bank of Nigeria





the Nigeria Sustainable Finance Week as a platform for sharing sustainable banking best practices 1. Trigger Sustainable Banking Principles

3. Launch

2011 – the CBN and the Bankers' Committee signed a Joint Statement of Commitment to develop

2011 - UNEP-FI in partnership with Access Bank, FMO and Development Finance Institutions organized

2012 - the Bankers' Committee developed and adopted the NSBP, accompanied by three sector

guidelines

2016 - Financial Services Regulation Coordinating Committee (the interagency body comprising the CBN and other regulatory and supervisory authorities in the financial services industry) launched the Nigerian Sustainable Finance Principles to improve ESRM across the sector and promote capital allocation for sustainable finance

2018 - UNEP-FI in partnership with FMDQ OTC and Securities Exchange Nigeria published the sustainable finance roadmap, a result of a multi-stakeholder project which involved a survey of finance sector stakeholders, expert interviews, fact-finding missions and desk research





Sustainable Banking Network



SUSTAINABLE FINANCE EVOLUTION IN NIGERIA

Dr A'isha Usman Mahmood

Special Adviser to CBN Governor on Sustainable Banking

IFC SUSTAINABILITY WEBNAR SERIES: REBUILDING RESILIENCE THROUGH
SUSTAINABLE FINANCE

JUNE 25, 2020.

OVERVIEW OF ENABLING POLICY DOCUMENTS AND FRAMEWORKS

- Nigeria Sustainable Banking Principles (NSBP 2012)
- NSBP Reporting Template (2014)
- Nigerian Sustainable Finance Principles (2016)
- Nigerian Sustainable Finance Roadmap (UNEP, 2018)
- Nigerian Stock Exchange Sustainability Disclosure Guidelines (2018)
- Nigerian Green Bond Market Development Programme was established in 2018 by FMDQ Securities Exchange, the Climate Bonds Initiative, and Financial Sector Deepening Africa, to support the development of the <u>Nigerian green bond</u> market.
- NSE signed MOU with the Luxemburg Stock Exchange in 2019 to accelerate the sustainable finance agenda in Nigeria
- Paris Agreement on Climate Change (2015)
- Sustainable Development Goals (2015)
- National Climate Change Policy (2015) as a result of scientific evidence that climate change is likely to have negative impacts on efforts to achieve Nigeria's development objectives, including the targets set out in Nigeria Vision 20:2020 and the Sustainable Development Goals (SDGs).



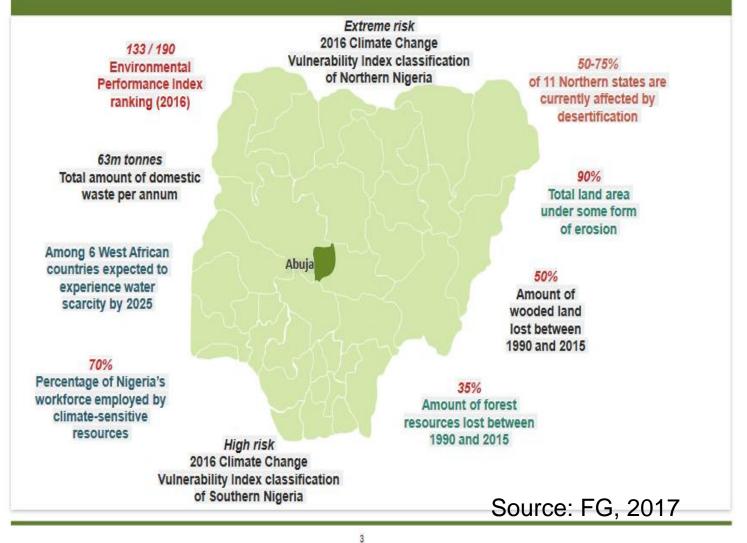
OVERVIEW OF ENABLING POLICY DOCUMENTS AND FRAMEWORKS(Cont.)

- Economic Recovery and Growth Plan (ERGP) 2017-2020
- The strategic objectives of the ERGP are restoring growth through macroeconomic stability and economic diversification, investing in our people particularly through improved human capital and socially inclusive policies and building a globally competitive economy through investments in infrastructure and by improving the business environment
- Nigeria Economic Sustainability Plan 2020 focuses on sustainable recovery of the economic repercussions of the COVID-19 pandemic, to help Nigeria "build back better"

CLIMATE CHANGE VUNERABILITY

- The country is highly vulnerable to climate change and is classified as one of the ten most vulnerable countries in the world, according to the 2017 Climate Change Vulnerability Index. Nigeria is exposed to extreme weather events, such as floods, droughts, sand storms and heat waves.
- Recent Climate projections (USAID, 2019) showed
 - ❖ 1.1-2.5° C increase in temperature by 2060
 - Increase in extreme precipitation events and no. of hot days
 - **❖** 0.4-1.0m rise in sea level by 2100
 - Persistent droughts, flooding and coastal erosion

Climate change - Nigeria in context





Nigeria's Nationally Determined Contributions (NDC)



Nigeria's NDC demonstrates its determination to meet success its Paris climate committement

Nigeria is committed to reduce Greenhouse gas Emission by 20% unconditionally and 45% with international support and has finally developed and finalized the Sectoral Action Plan (SAP) for the implementation of the NDC in the key priority sectors;

- ☐ Energy
- ☐ Oil & Gas
- ☐ Agriculture & Land use
- □ Power
- ☐ Transport

Nigeria's Nationally Determined Contributions (Cont.)

- It is estimated that Nigeria will require around \$142 billion, translating to about \$10 billion per annum to meet her NDC target by 2030 (Jibril, 2017).
- Annual Sustainable Finance flow into Nigeria is estimated at about \$8billion mainly from Public Sector (UNEP Inquiry, 2018)
- Based on an annual investment need of \$92billion, there is an annual investment gap of more than \$80billion
- There is need to mobilize private capital to achieve the NDCs and SDGs by 2030.

SOVEREIGN GREEN BOND (CONT.)

- Nigeria launched the Green Bonds as a financing mechanism to assist meet its NDC targets and low-carbon pathway stipulated in the ERGP.
- Issuance of Green Bonds provided an opportunity for Nigeria to address power deficit (estimated at about \$40billion by providing finance for RE projects
- Nigeria issued the first Sovereign Green Bond of N10billion (\$27.3million) in 2017 and a second of N15billion (more than \$41million) in 2019.
- Plan to issue the third of N25billion in 2020.
- Funds raised were used to finance projects in Renewable Energy, Reforestation, Access to Water, Water Treatment and Smart Agriculture.

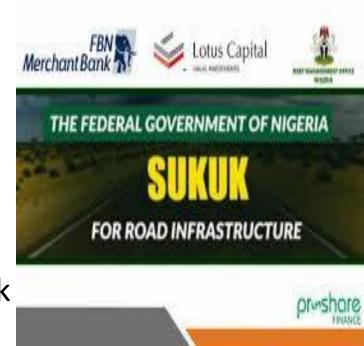


COPORATE GREEN BOND

- A large number of Nigerian Institutional Investors are switching away from fossil fuels and seeking green investments to help investors meet their responsible investment objectives
 - North South Power Company issued a corporate infrastructure green bond of N8.5bn (\$23.3) in 2019.
 - Access bank issued a N15bn (\$41m) corporate bond (the 1st in Africa) in 2019. The bond was cross-listed on the Luxemburg Stock Exchange a milestone in providing investors access to green capital domestically and internationally.

NIGERIAN SOVEREIGN SUKUK

- Issuance of Sukuk allows Nigeria to further diversify the investor base and accelerate sustainable finance
- Sukuk bonds have been utilized for infrastructure projects (Mass housing, Schools, hospitals, roads, railways etc)
- Nigeria issued the first Sovereign Sukuk of N100billion in 2017 and to date (2020), N350billion has been raised to fund capital projects across the country



INTERNATIONAL NETWORK FOR FINANCIAL CENTERS

- Nigeria joined the International Network of Financial Centers for Sustainability (FC4S Network) in 2019, a United Nations Environment Program (UNEP)-sponsored international network that seeks to shift private capital to climate friendly and green investments.
- The 30 Financial Centers with \$61.3 trillion in equity market capitalization are working together to achieve the Paris Agreement and SDGs
- A Green tagging project was launched by the Nigerian Center in February 2020 to encourage banking institutions support climate-friendly projects through the decarbonization of their loan portfolios.

CBN COVID-19 RESPONSE PLAN

- □Interest Rate Reduction (9 % single digit interest rate further reduced to 5% until March 2021)
- □ Extension of Moratorium (One year moratorium extension approved for all CBN interventions)
- ☐ Regulatory Forbearance (FIs are granted regulatory forbearance on loans to critical sectors affected by the pandemic)
- ☐ Strengthening of the Loan Deposit Ratio (LDR) Policy(leverage on existing success in LDR management to create window for DMBs to book/restructure loans to critical sectors)
- ■N3.5 trillion Combined Stimulus Package

RESPONSE PLAN (Cont.)

- □N50 billion Targeted Credit Facility (TCF) for households and small- and medium-sized enterprises (SMEs) that have been particularly hard hit by COVID-19
- ■N100 billion Credit Support for Healthcare Sector (CSHS). Hospitals, diagnostic centers and pharmaceutical
- ☐ Over N400 billion earmarked for Agriculture financing in the 2020 Anchor Borrowers Program
- ☐ Renewed engagements with State Governments on access of AADS for rural feeder roads, agricultural infrastructure and loans to youths
- ☐ Targeted disbursements to agriculture value chain under existing interventions including RSSF and CACS

RESPONSE PLAN (Cont.)

- CBN and the private sector set up the Nigerian Private Sector Coalition Against COVID-19 to raise N120bn
- Banks and other financial institutions in Nigeria are also responding with different initiatives to support their customers during this challenging time. Some of these initiatives include loan payment holiday, special waivers on payment of fees on credit cards, increasing credit card limits, short term support facilities and a waiver of charges on a specified number of transactions on digital platforms(KPMG, 2020)

CONCLUSION

- What started as a voluntary initiative to address E&S issues within the Financial Sector is now coevolving with business practices, operations and investment strategies, and has become a regulatory imperative, with all initiatives on ESG receiving support from the CBN and other Financial Services Regulators
- COVID-19 has caused placing of more emphasis on the social dimension of the ESG





Rebuilding Resilience through Sustainable Finance





2. Engage

4. Refine

Ms. Nomindari Enkhtur

Advisor to the Mongolian

Sustainable Finance Association





2012 – Trade and Development Bank of Mongolia started developing an Environmental and Social Management System for its lending and investment operations with the support of FMO.

2013 – FMO, Trade and Development Bank of Mongolia, IFC, MBA, and the Mongolia Banking and Finance Academy held the first Annual Mongolian Sustainable Finance Forum, at which it was agreed to develop a sustainable green financial framework.

2014 – Mongolian Sustainable Finance Principles launched, with accompanying templates, guidelines, and training to support implementation.

2015 – Central Bank of Mongolia issued an official directive requiring all banks to report on the implementation of the Principles in their annual reports.

2017 – Mongolian Sustainable Finance Association (MSFA) established.

2018 - National Sustainable Finance Roadmap of Mongolia published, outlining reforms to 2030.

2019 – Mongolian sustainable Finance Association (MSFA) issued the national Green Taxonomy.



1. Trigger







Leveraging sustainable finance framework to unlock green finance development in Mongolia

Nomindari Enkhtur, CEO of Mongolian Sustainable Finance Association

June 25, 2020

Sustainable finance in Mongolia



Stakeholder Engagement MSFI | 2013

2013: The Start.

Mongolian Sustainable Finance Initiative was launched.

- Principles, guidelines
- Mongolian
 Sustainable Finance
 Forum

SF Framework Development MSFI | 2015

2015: Risk management framework.

Integration of ESG into the RM framework of all banks.

- Capacity building
- Reporting
- Expansion of cooperation/ network

Green Finance Infrastructure MSFI | 2017

2019: Green investment.

Mongolia Green Finance Corporation (MGFC) project was ideated.

- MET
- MoF
- GCF NDA
- GCF AE
- MSFA / Banks

SF Beyond Banking MSFA | 2019

2019: SF integration beyond banking sector

- Sustainable Finance Roadmap: Going Beyond Banking
- Green Taxonomy

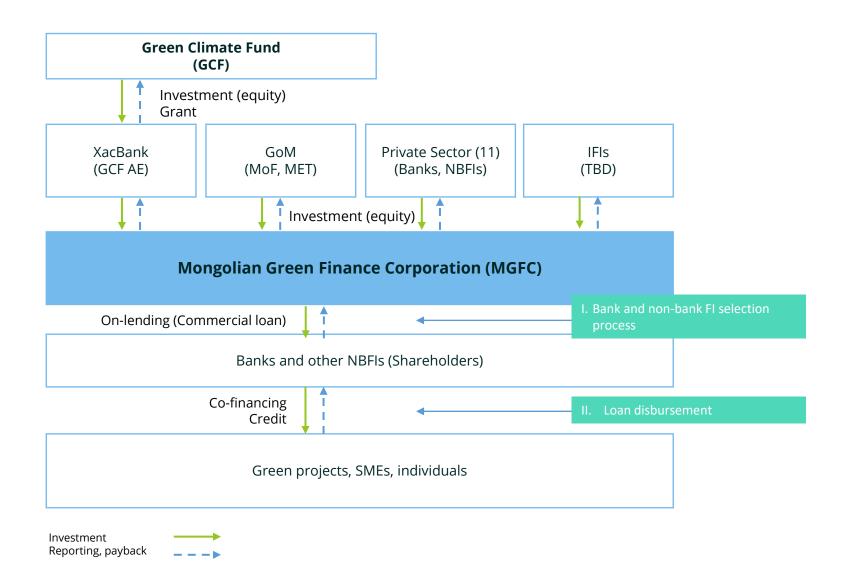
Green Finance Pilots MSFA | 2020

+2020: Green finance promotion

- Green pipeline development
- Green pilots

Mongolia Green Finance Corporation project (2017)





Accredited Entity





MSFA & Roadmap (2018)





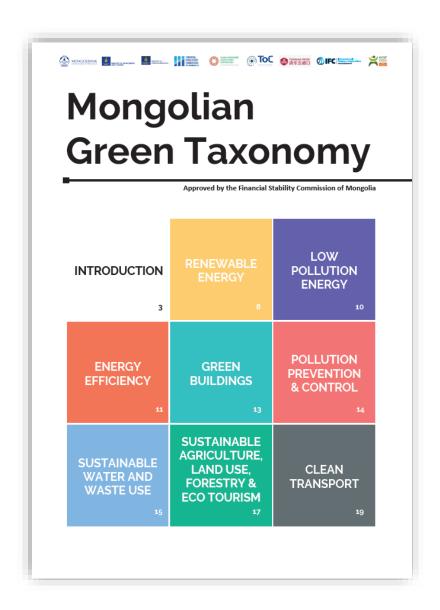
Member Banks



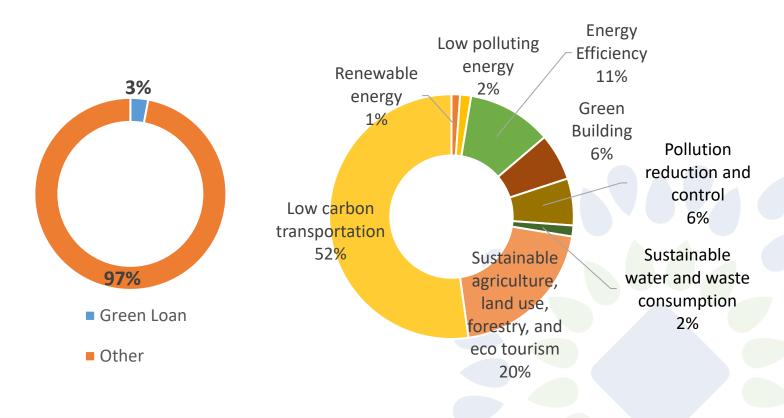


Green Taxonomy (2019)





Overview of green loan statistics

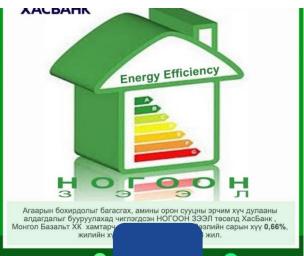


Pilot Projects (2020)











Energy Efficient Housing Mortgage

- 20% subsidy for down payment from GIZ
- 21%-62% Energy efficiency
- 53-70 million MNT (US\$ 20K~25K) houses
- 8 participating banks

Sustainable Wool & Cashmere Production

- 20 participating production companies
- E&S Guideline for Textile Sector
- ESG risk assessment checklist dedicated for textile sector
- Funding proposal preparation, linking with climate financing

Subsidized green loans by Ministry of Environment

- 8% interest rate subsidies
- Electric heater, insulation, eco toilets, eco tourism
- 3 participating banks

CHIPS (Cooking, Heating, Insulation products and services)

- Comprehensive solution substituting high polluting stoves in gers by UNICEF
- Interest rate subsidies / Revolving fund

Moving Forward



6. International Collaboration

- · International organizations
- · International networks & coalitions
 - Peer-to-peer exchange

5. Public **Awareness &** Education

- · Youth education
 - Publications

Events

- PR activities



4. Policy Advocacy & Research

- National strategies Financial sector
- policies
- Industry policies
 - Policy briefs Research

3. Sustainable Industry

- Sustainable textile
- Green building
- · Sustainable manufacturing
 - Sustainable mining
- · Sustainable agriculture

1. Sustainable Finance

- Banks
- NBFIs
- Stock Exchange
- Insurance companies
- · Supporting FIs

2. Green Finance

- · Market studies
- Financing mechanisms
- Financial products
- Pilot projects
- Project verification & certification

- Expand sustainable finance into rest of the financial sector (bonds, MFIs, etc.)
- Help financial institutions access more green funding
- Develop favorable green finance policy environment
- Prepare bankable pipelines
- Develop local green project evaluation & verification capacity



Thank you for your attention.

Contact us: nomindari@toc.mn

Rebuilding Resilience through Sustainable Finance





Mr. Asif Iqbal
Joint Director, Bank of
Bangladesh





Phase 1

Included policy formulation and governance, the incorporation of environmental risk in credit risk management, initiation of in-house environmental management, introduction of green finance and the creation of climate risk funds

Phase 2

Included the incorporation of sector specific environmental policies, green strategic planning, setting up green branches, formulating bank specific environmental risk management plan and guidelines, reporting of green banking activities

Phase 3:

After the system of Environmental Management was in place, Phase 3 could begin. It included designing and introducing innovative products, and reporting in standard format with external verification.





Rebuilding Resilience through Sustainable Finance





Ms. Nuru Mugambi
Director, Kenya
Bankers Association

2013 – KBA convened a forum for all bank CEOs, who gave the KBA the mandate to start a Sustainable Finance Initiative and formed a working group of bank representatives.

The working group identified the key sustainability priority areas and defined sustainable finance for the Kenyan context.

KBA drafted the principles based on international best practice, which were reviewed and refined by the working group.

2015 – KBA launched the Sustainable Finance Initiative Guiding Principles to integrate sustainability into day-to-day banking principles.

2016 – Climate Change Acts includes the creation of the Climate Change Fund to encourage green finance flows.

2017 - Green Economy Strategy and Implementation Plan launched.

2018 & 2019 - Listing Rules for Green Bonds & Green Bond Guidelines.

2019 – Issuance of its first green bond of 4.3 billion shillings (\$42.5 million).











"If you want to walk fast, walk alone.

If you want to go far, walk together"

African Proverb

















CMA approves Kenya's First Green Bond









Build Capacity

Mainstreaming
Sustainable Finance

2019 - 2022

Secure Mandate & Buy In

2012 - 2015

Define
Priorities,
Principles &
Standards

- SFI Working Group
- CBK Governor Launch

2016 - 2018

Build Industry Capacity

- Needs Assessment
- E-Learning Program
- Workshops
- CEO Roundtables
- Pool of Local Consultants
- Shared Value Report (2016)

Promote Best Practice

2016 - Present

- Best Practice
 Sharing (Mongolia,
 UAE, South Africa,
 Ghana, Uganda)
- Catalyst Awards (2016)
- Green Bond Program (2017)

Governance & Reporting

- Shared Value Report (2019)
- Voluntary Reporting (2019)
- Green Asset Tagging
- Loans and Bonds



Overcoming Constraints: Trust & Collaboration is Key







Buy-In Constraint

Local actors must see how you are contextualizing SF

Capacity Building approach (not compliance)

Build a community with other associations (local, regional)

Policy Constraint

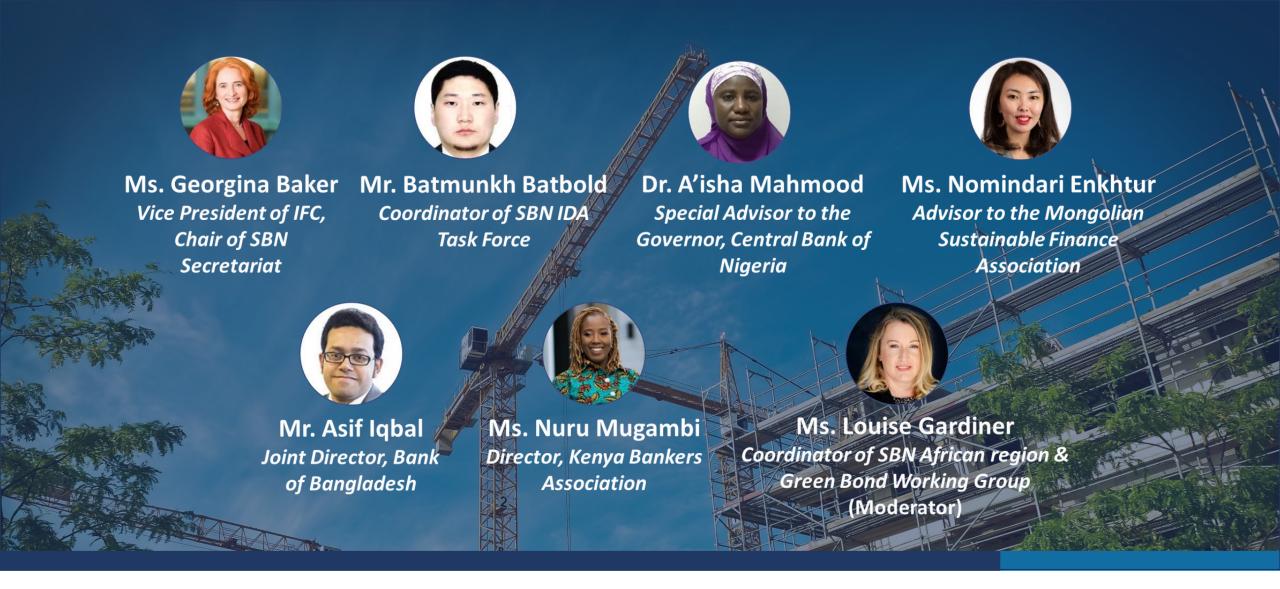
Alignment with regulators (CBK, CMA, RBA, NSE, Treasury)

Flexibility of supply and demand side of finance (interest rates caps)

Resource Constraint

Partnerships with development finance and aligned organizations

IFC, UNEP-FI, UNEP, DEG, FMO, FSD-Africa, ITC, WWF











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