



The Sustainable Banking Network (SBN)

2019 Global Progress Report & 30 Country Progress Reports

“ *Transforming the financial sector in emerging markets - helping the world achieve the Sustainable Development Goals by 2030* ”



with support from IFC



Creating Markets, Creating Opportunities

The Banking Sector in Emerging Markets Can Make a Substantial Difference in Achieving the Sustainable Development Goals (SDGs)

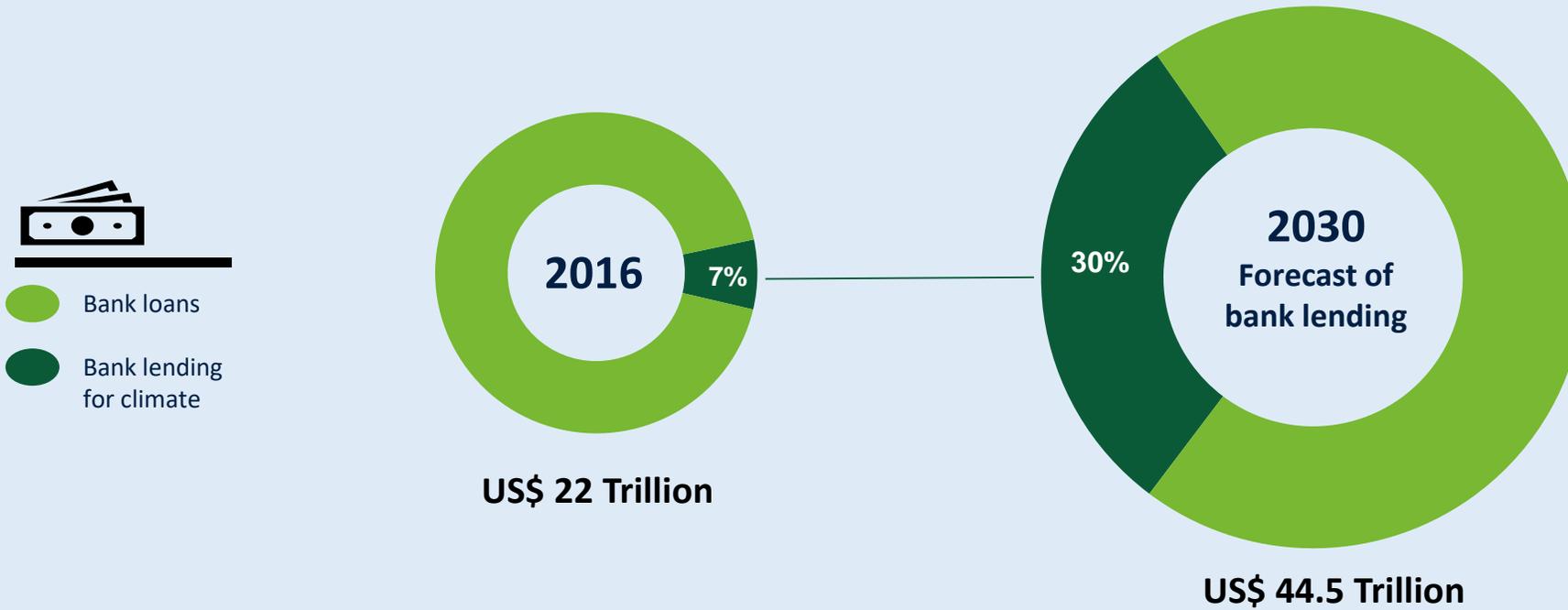


The UN estimates that up to **\$7 trillion** in investment is needed each year to achieve the Sustainable Development Goals by **2030**.



In emerging markets, banks hold assets estimated at more than **\$50 trillion** and are responsible for **90%** of all financing in these countries.

Climate Financing Opportunities in Emerging Markets, Contributing to the Paris Agreement and Nationally Determined Contributions (NDCs)



IFC estimates there are **US\$23 trillion** climate investment opportunities in 21 emerging market countries until 2030. Banks need to increase the share of climate lending from **7% today to 30% in 2030** to mobilize the necessary financing for investment opportunities presented by the NDCs in those 21 countries.

Strong ESG Standards Deliver Development Impact - IFC's Performance Standards

Standards & Corporate Governance Methodology Help Address 16 of the 17 SDGs



IFC Performance Standards

-  **PS1:** Risk Management
-  **PS2:** Labor
-  **PS3:** Resource Efficiency
-  **PS4:** Community
-  **PS5:** Land Resettlement
-  **PS6:** Biodiversity
-  **PS7:** Indigenous People
-  **PS8:** Cultural Heritage

CGM: IFC Corporate Governance Methodology

Strong ESG Standards Facilitate Sustainable Investment - Financing in Emerging Markets Influenced by IFC's Performance Standards

\$7
BILLION

Participants:
IFC

\$4.5

TRILLION

(AGGREGATE TOTAL
FINANCE 2006-2016)

2006

.....

2016

Participants:

IFC

International Financial
Institutions: **15**

Equator Principles
Member Banks: **84**

IFC client banks and
funds: **270**

Export Credit
Agencies: **32**

Sustainable Banking Network (SBN)

In **2012** IFC helped bringing together financial regulators and banking associations from **10** countries to develop green and sustainable finance policies and principles, share knowledge, and build capacity.

With **38** members from emerging market countries representing **\$43 trillion banking assets** today, SBN is the major force in transforming the financial systems toward sustainability, **contributing to the SDGs and Climate Goals.**

SBN has twin objectives of improved environmental, social, and governance **(ESG) risk management** and increased **capital flows** to activities with positive climate impact.

SBN Membership Map – October, 2019



Disclaimer: This map was produced by Staff of the World Bank. The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of the World Bank Group, any judgement on the legal status of any territory, or any endorsement or acceptance of such boundaries.

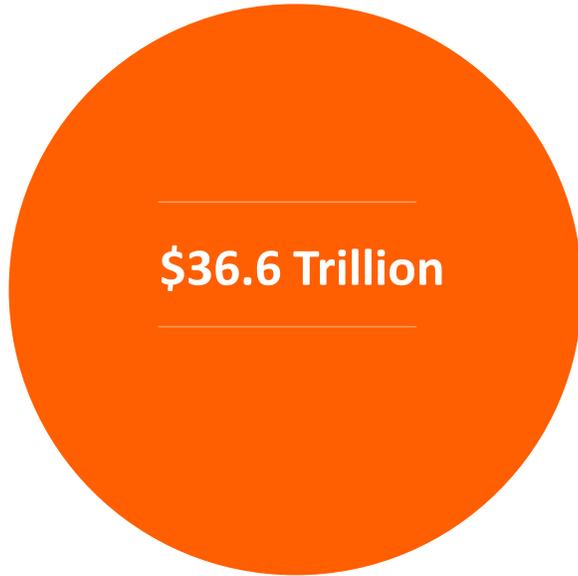
*Policy issued after report cut-off date.

- **Policies in implementation:** Bangladesh, Brazil, Cambodia, China, Colombia, Ecuador, Georgia, Ghana*, Indonesia, Kenya, Mexico, Mongolia, Morocco, Nepal, Nigeria, Pakistan, Panama, Paraguay, Peru, South Africa, Sri Lanka, Thailand*, Turkey, Vietnam
- **Policies in preparation:** Argentina, Chile, Costa Rica, Dominican Republic, Egypt, Fiji, Honduras, India, Iraq, Jordan, Kyrgyzstan, Laos, Philippines, Samoa

Combined Banking Assets of SBN Member Countries

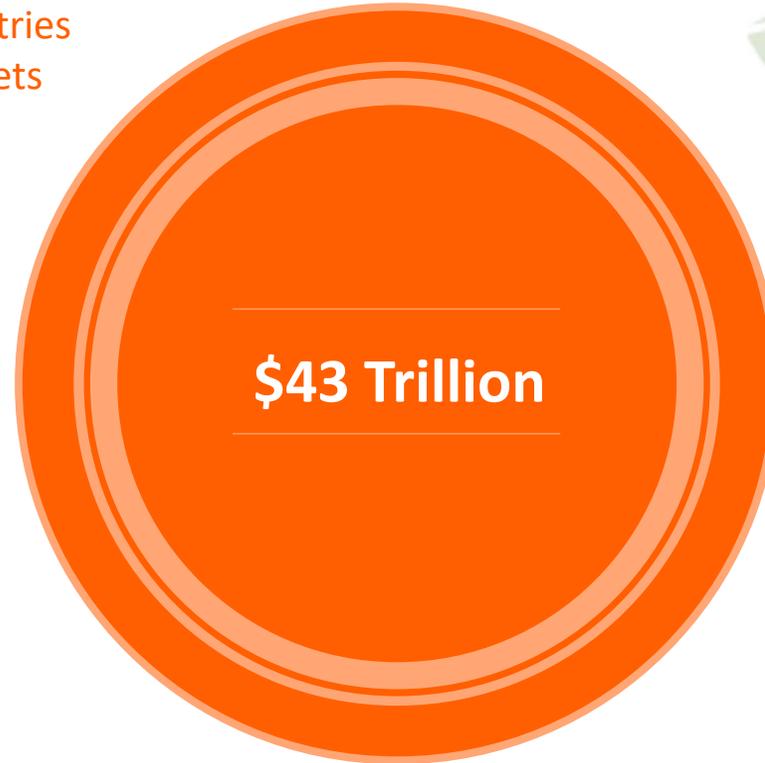
SBN Founding Members

- Bangladesh
- Brazil
- China
- Colombia
- Indonesia
- Lao PDR
- Mongolia
- Nigeria
- Thailand
- Vietnam



2012

SBN member countries total banking assets



2019

.....

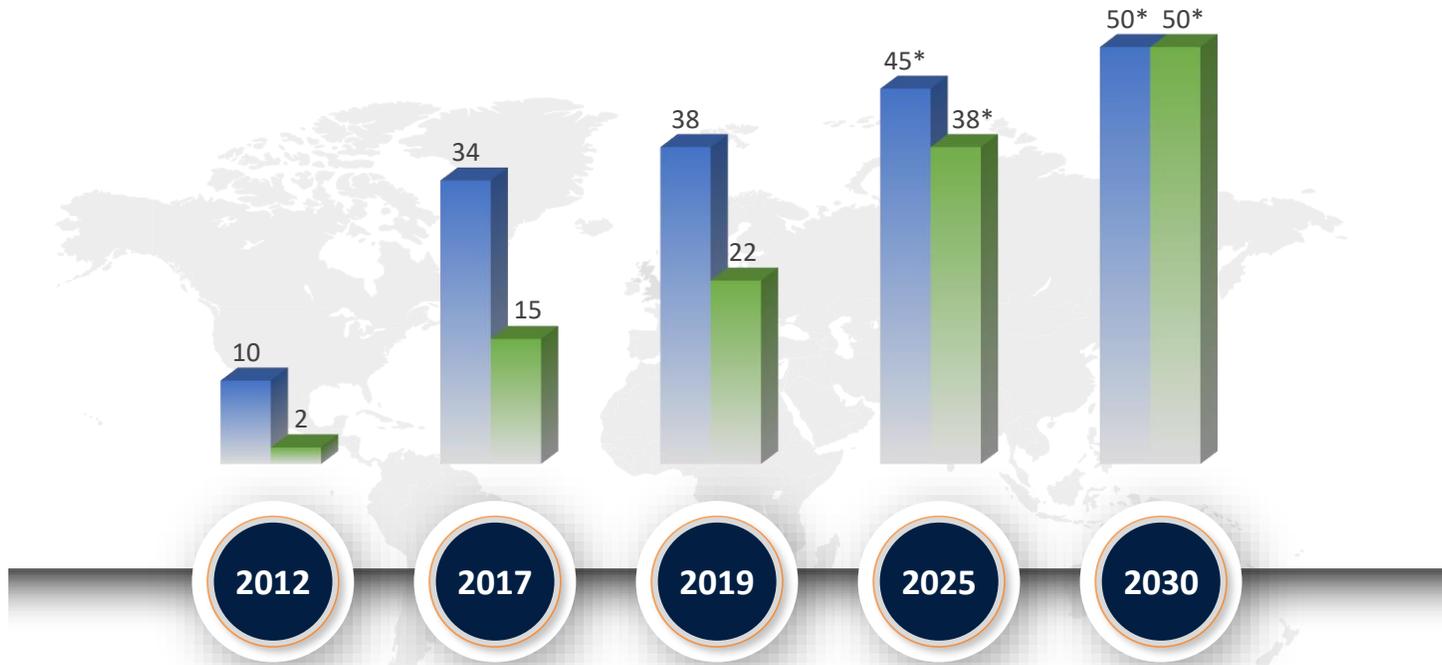
SBN Members (2019)

- | | |
|--------------|--------------------|
| Kyrgyzstan | Argentina |
| Lao PDR | Bangladesh |
| Mexico | Brazil |
| Mongolia | Cambodia |
| Morocco | Chile |
| Nepal | China |
| Nigeria | Colombia |
| Pakistan | Costa Rica |
| Panama | Dominican Republic |
| Paraguay | Ecuador |
| Peru | Egypt |
| Philippines | Fiji |
| Samoa | Georgia |
| South Africa | Ghana* |
| Sri Lanka | Jordan |
| Thailand* | Honduras |
| Turkey | India |
| Vietnam | Indonesia |
| | Iraq |
| | Kenya |

Note: Member countries with Sustainable Finance framework are marked in green.

* Ghana and Thailand launched their policies and principles in August 2019, after the cut-off date of June 2019 for this report.

SBN – Past, Now, and Future Projection



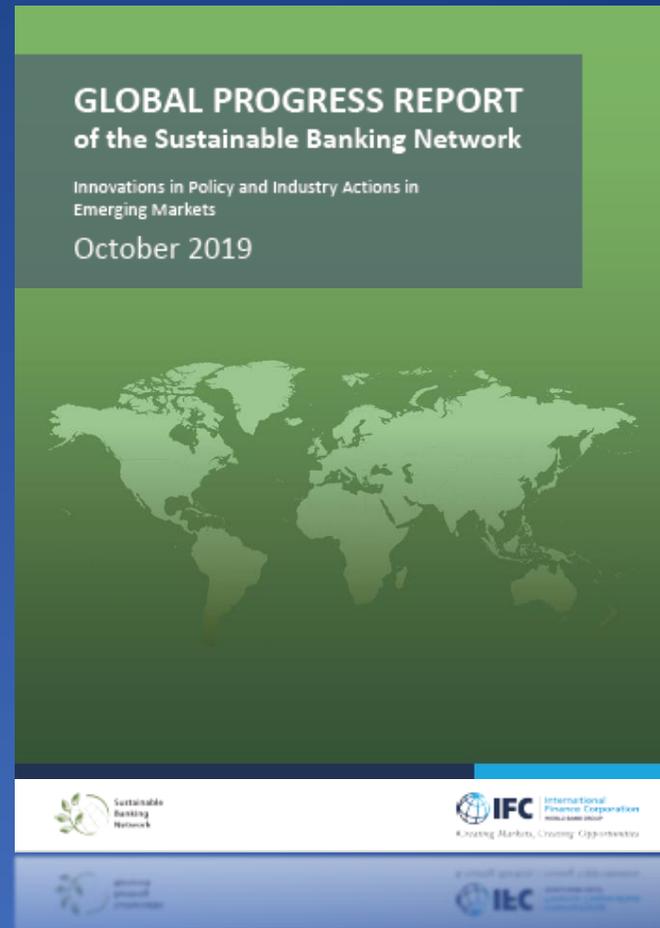
● EM banking assets covered by sustainable finance policies or principles to enable ESG/climate/green financing



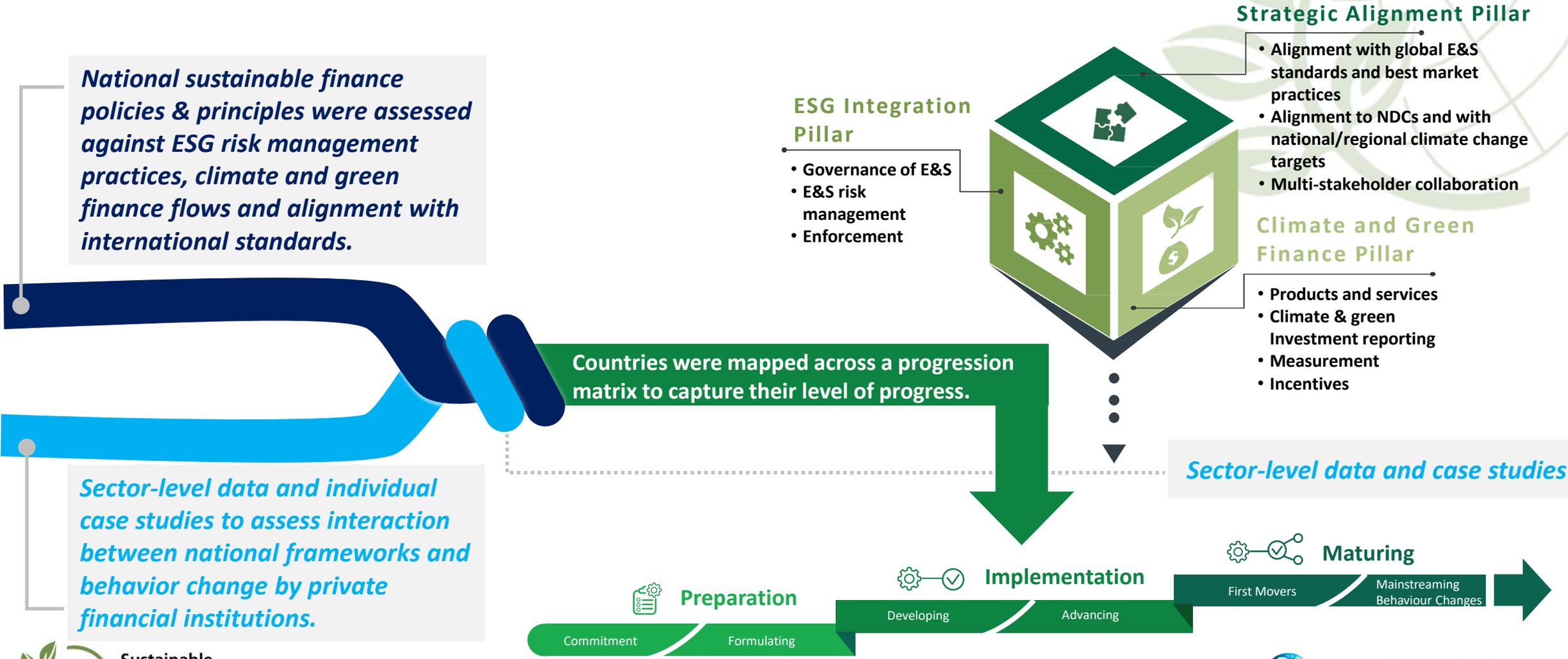
● % of green and climate lending in banks' portfolio

Note: Climate/green financing data are estimation (2012- 2019) and projection (2019-2030) based on SBN and IFC research. | * Projected numbers for 2025 and 2030.

SBN 2019 Global Progress Report

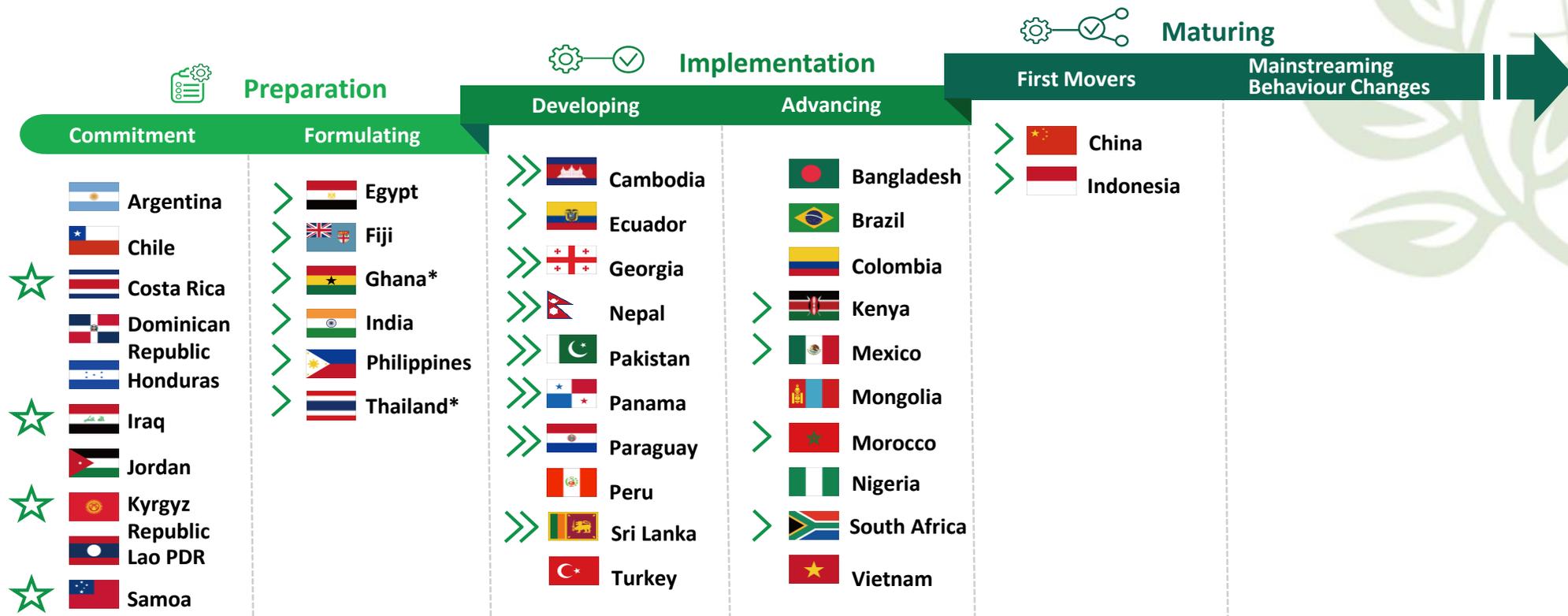


SBN Measurement Framework – Member Consensus



Sector-level data and individual case studies to assess interaction between national frameworks and behavior change by private financial institutions.

2019 SBN Global Progress Report – Overall Progress based on SBN Progression Matrix Assessment Results



Progress since the 2018 Report

- ★ 4 new SBN member countries made progress in the Commitment Stage
- 14 countries made progress within the same stage
- > 13 countries moved up one stage
- >> 7 countries moved up two stages

* Ghana and Thailand launched their policies and principles in August 2019, after the cut-off date of June 2019 for this Report.

The 2019 Global Progress Report reviews **38** SBN members' experiences and progress, supplemented by **30** country progress reports, **42** case studies and online analytical tool.

Over the past two years, **24** of the **38** SBN member countries progressed to the next stage in the SBN Progression Matrix.

2019 SBN Global Progress Report – 22-Country Assessment Results by Indicators

22 SBN members have developed national sustainable finance frameworks*



16 SBN members are still at an early stage or formulating national sustainable finance frameworks



Pillar I: Strategic Alignment

1. Alignment with global E&S standards and best market practices



2. Alignment to NDCs and with national/regional climate change targets



3. Multi-stakeholder collaboration



Pillar II: Climate and Green Finance

4. Defining sustainable assets and financial products



5. Green finance product guidelines



6. Tracking and disclosure of climate & green finance



7. Calculation of environmental benefits



8. Climate risk exposure assessment



9. Financial and non-financial incentives



Pillar III: ESG Integration

10. Role of governing bodies on E&S



11. Organization



12. E&S policy



13. Risk assessment



14. E&S covenants



15. Project supervision & portfolio review



16. Training



17. External communication mechanism



18. E&S reporting



19. Enforcement



Dark shading indicates this element is included in the country's sustainable finance framework

Light shading indicates this element is not included in the country's sustainable finance framework



* Ghana and Thailand launched their policies and principles after the cut-off date of June 2019 for this Report, and therefore are not included here.

2019 SBN Global Progress Report – Online Analytical Tool

PILLARS

STRATEGIC ALIGNMENT >

CLIMATE AND GREEN FINANCE >

ESG INTEGRATION >

Governance for E&S >>

E&S risk management >>

Enforcement >>

2019 >

Download

Indicators for global benchmarking of
ESG INTEGRATION > Governance

Role of governing bodies on E&S

Questions

Does the country policy require one of
Supervisory Board, etc.) to approve a

Does the policy require the managem

Does the policy require FI operational
implementation of the E&S strategy?

Organization

Questions

Does the framework ask to define rol

Does the framework highlight the role
compliance officers)?

Does the framework ask to define cor



Home About SBN SBN Members SBN Activities Measurement Analytics Events ESG Risk Management Climate & Green Finance Strategic Alignment

Bangladesh

Compare with

Region:
Asia

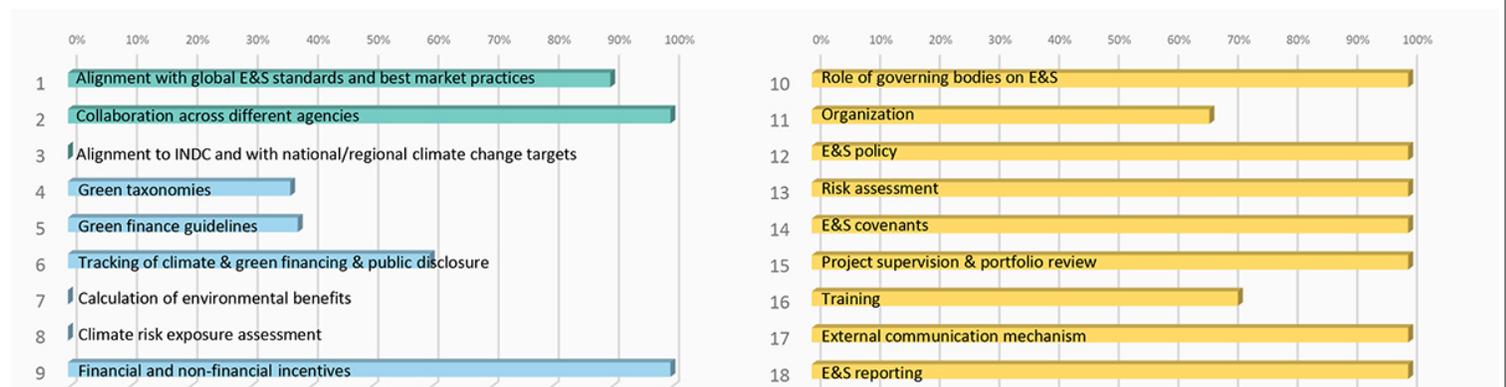
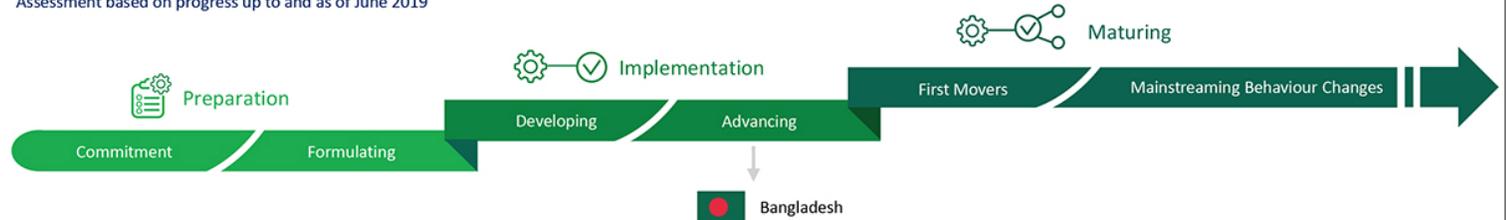
SBN Member:
Bank of Bangladesh

Year of joining:
2012

Framework:
Policy Guidelines for Green
Banking (BB, 2011)
Guideline on ESRM for Banks
and FIs in Bangladesh (BB,

SBN Progression Matrix with Assessment Results

Assessment based on progress up to and as of June 2019





**Sustainable
Banking
Network**

"Only public and private sector cooperation can deliver sustainable development."

- UN Secretary General 2019

The SBN members have shown that it is possible to unite public and private financial sectors from a wide array of countries and achieve significant progress in sustainable finance at an accelerated rate, better positioning the world to achieve the SDGs by 2030.

2019 SBN Global Progress Report



Learn more about
SBN 2019 Global Progress Report
www.ifc.org/sbn

Download the Report:
www.ifc.org/sbn
www.ifc.org/SBN2019Report

Follow Us on Twitter
#SBN2019Report

