Sustainable Banking Network (SBN)

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What is SBN?

➢ Created 2012 by IFC and 10 emerging markets (EM) banking regulators.

➢ Members include EM central banks, financial regulators, and banking associations from 35 countries.

➢ Shared objective to move the financial markets toward sustainability and contribute to Green Growth:
  ▪ ESG risk (including climate risks) management in banking (e.g. IFC Performance Standards)
  ▪ Grow capital flows to green (EE/RE, climate finance, Green Bonds) and inclusive financing.

➢ Focus on market-level impact – policy leadership, knowledge sharing & capacity building – ultimate goal of changing behavior.

➢ Expanding to “green the financial markets”
What does SBN do for its members?

…Global Knowledge & Capacity Building

- Support to design & implement policies
- Thematic Working Groups & Tool Development
- Learning and Capacity building
- Knowledge products and Global Partnership
....reinforced by regional & country level support

- Regulatory and Market Drivers
  - Financial Regulators
  - Banking Associations
- Market Capacity
  - Consultants
  - Training Partners
- FIs Capacity
  - Individual FIs
35 countries, 85% of the banking assets in EM, 17 launched policies or principles
SBN (1) Global & (15) country Progress Reports launched in 2017

• Based on an innovative results-measurement approach that has been agreed by all 35 member countries – breaking new ground for measuring progress at the global level.

• SBN measurement framework, developed by members through the input of SBN Measurement Working Group, draws on international good practice, as well as SBN members’ experiences and innovations.
National sustainable finance policies & principles were assessed against E&S risk management practices, green finance flows and enabling environment.

Countries were mapped across a progression matrix to capture their level of progress.
15 countries assessed for progression matrix
.....10 individual country reports published

www.ifc.org/sbnreport
Note: The US dollar numbers are the aggregated banking assets of the countries represented in their respective stages and represented by the size of the corresponding bubble. Results for the E&S Risk pillar are represented on the x-axis. Results for the Green Finance Flows pillar are on the y-axis. Both results are adjusted using factors of the Enabling Environment pillars.
Key findings

1) Sustainable finance expanding globally—wealth, market maturity, and level of development do not limit the transition

2) Members at different stages of development. 8 advanced, none mature.

3) Emerging markets can make rapid progress, leapfrogging ahead, by learning from others.

4) E&S risk management polices and principles aligned with good international industry practice, including IFC Performance Standards

5) Climate change a driver of sustainable finance initiatives, but most policies and principles do not incorporate climate risks. There remain huge gaps on definition, data, reporting and incentives.
Green Finance Flow Pillar Indicators

Initiatives (35 points)
- Is the policy/principle accompanied by initiatives aimed at promoting green finance?

Definitions (25 points)
- Does the policy/principle define green finance and related concepts?

Analytics (20 points)
- Does the policy/principle require data collection and does it provide specific tools?

Reporting (20 points)
- Does the policy/principle require transparency on green finance flows and positive impacts?

Countries

Core Indicators

- Notable initiatives
  15 pts
- Financial incentives
  10 pts

Subindicators

- Non-financial incentives
  5 pts
- Leading examples
  5 pts

Countries

Core Indicators

- Sectors and projects
  15 pts

Subindicators

- Green Bonds
  5 pts
- Other asset classes
  5 pts

Countries

Core Indicators

- Data collection
  10 pts

Subindicators

- Tools
  10 pts

Countries

Core Indicators

- Guidance
  10 pts

Subindicators

- Transparency
  5 pts
- Impacts
  5 pts

Countries

Core Indicators

- Low (0-11.7)
  Medium (11.7-23.3)
  High (23.3-35)

Subindicators

- Low (0-6.7)
  Medium (6.7-13.3)
  High (13.3-20)

Countries

Core Indicators

- 8
  5
- 2

Subindicators

- IFC
  Creating Markets, Creating Opportunities
What next for SBN?

- **Policy & Principles**: members commit to take policy actions and demonstrate progress in advancing sustainable finance within a two-year timeframe. 5 member countries will launch policies in 2018

- **Thematic working groups and tools**
  - Measurement: next report in 2019, all members, deeper analysis of Fis’ behavior change, highlight case studies from “first movers”
  - Green Bond: Baseline survey in 2018 to map out green bond market development status, plans, training needs, etc. Plans to develop tools to support members.
  - Climate: Develop tools on climate risk & TA to support members incorporate climate strategy and tools.