



# 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”

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

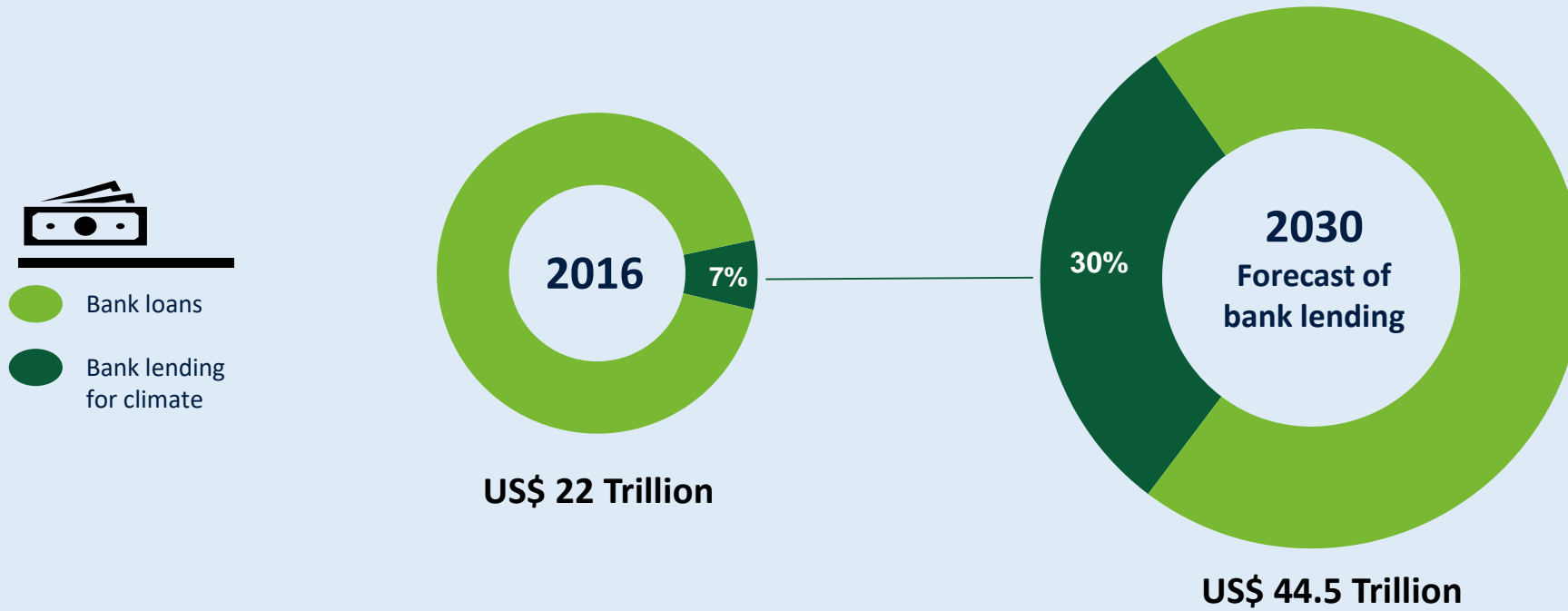


The UN estimates that up to **\$7 trillion** in investment is needed each year to achieve the Sustainable Development Goals by **2030**.



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 & Corporate Governance Methodology Help Address 16 of the 17 SDGs



## IFC Performance Standards

	<b>PS1:</b> Risk Management
	<b>PS2:</b> Labor
	<b>PS3:</b> Resource Efficiency
	<b>PS4:</b> Community
	<b>PS5:</b> Land Resettlement
	<b>PS6:</b> Biodiversity
	<b>PS7:</b> Indigenous People
	<b>PS8:</b> Cultural Heritage

**CGM:** IFC Corporate Governance Methodology

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



## 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.

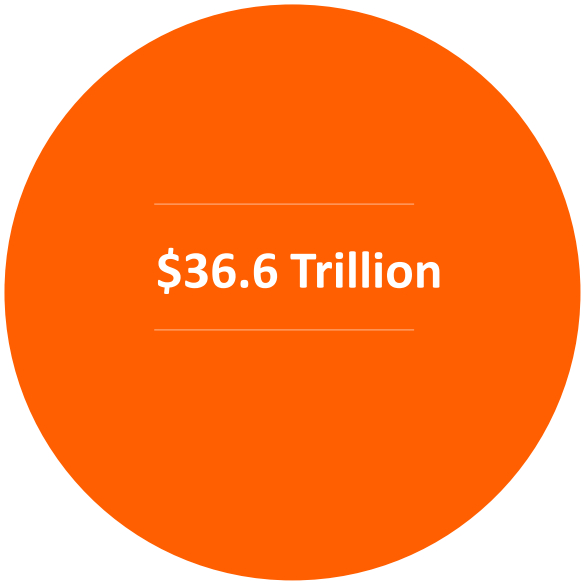
\*Policy issued after report cut-off date.

- 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

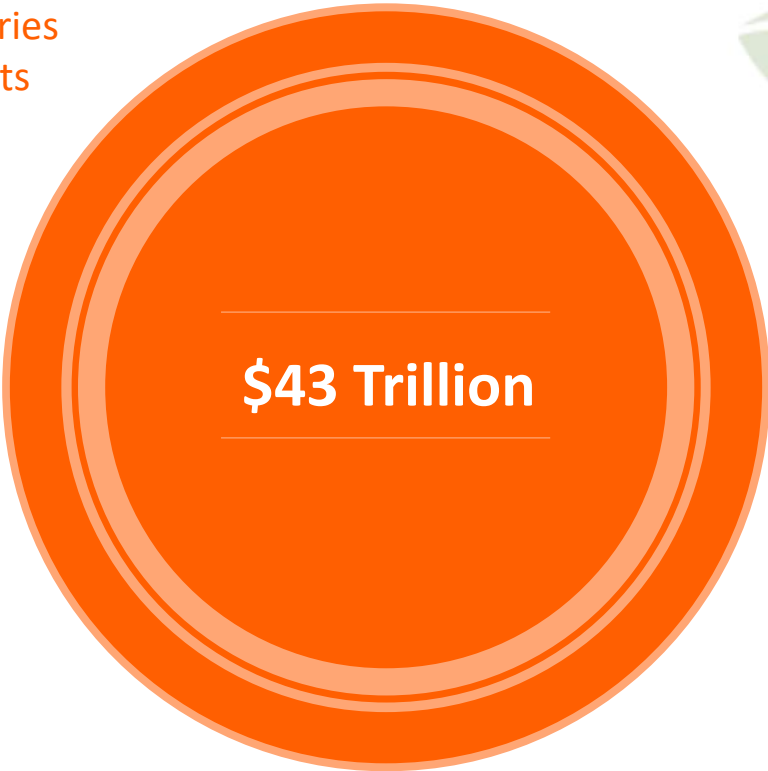
## SBN Founding Members

Bangladesh  
Brazil  
China  
Colombia  
Indonesia  
Lao PDR  
Mongolia  
Nigeria  
Thailand  
Vietnam



2012

SBN member countries  
total banking assets



2019

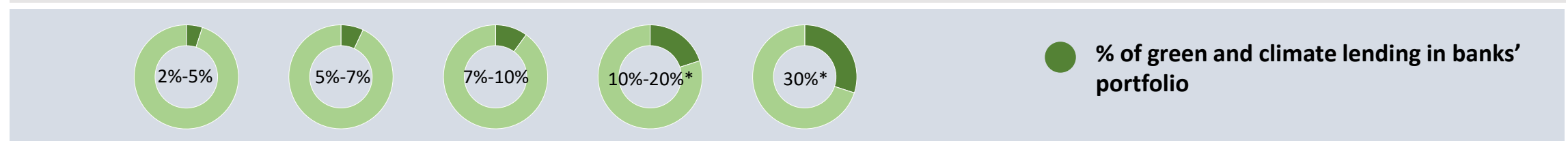
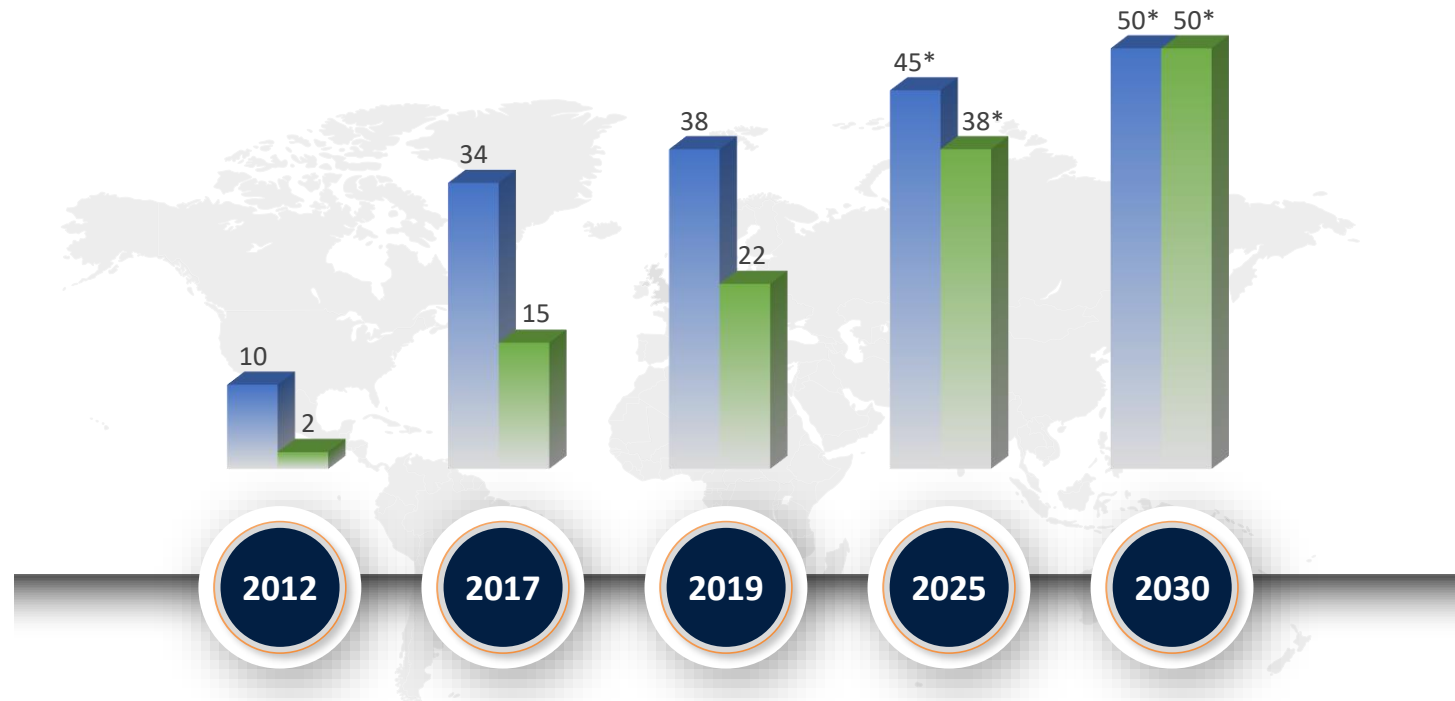
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## SBN Members (2019)

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



# SBN – Past, Now, and Future Projection



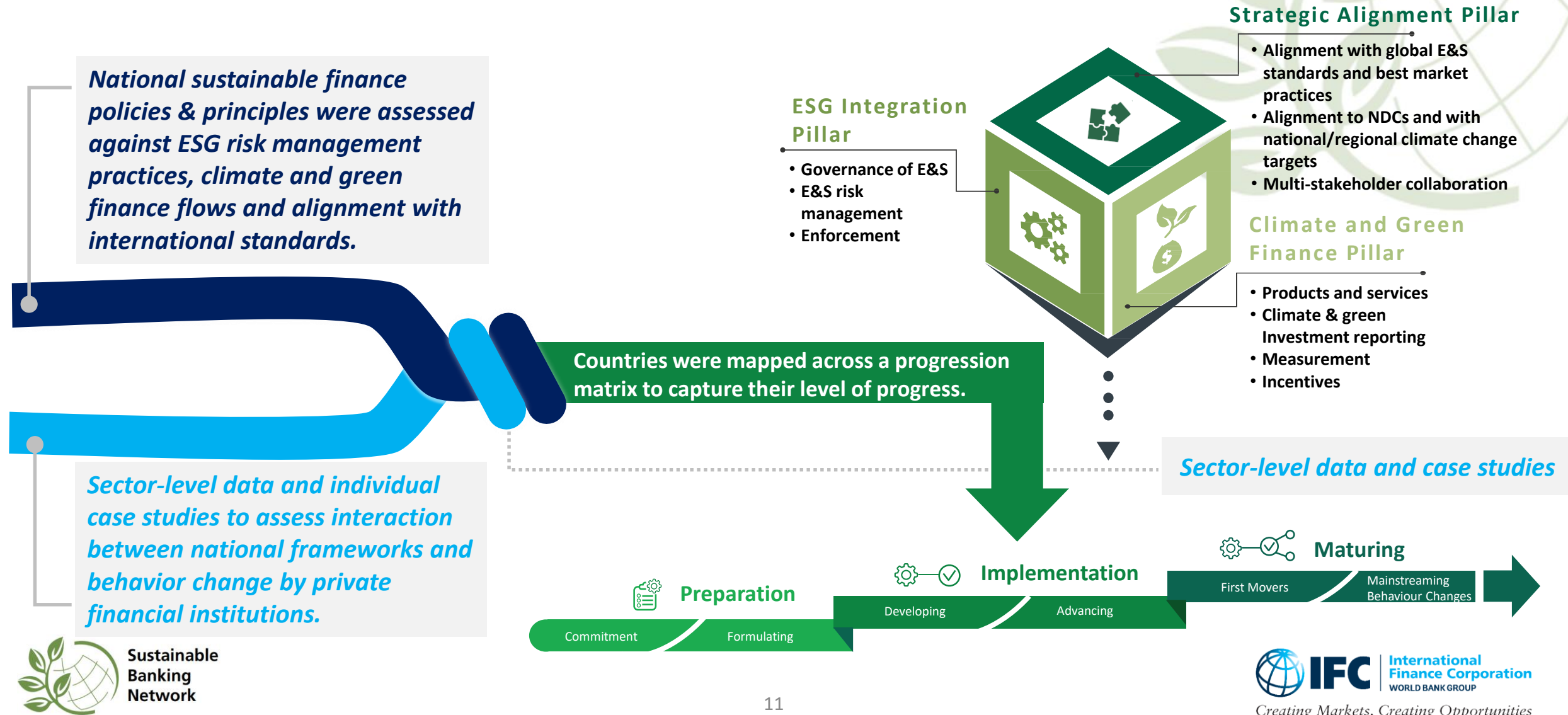
Note: Climate/green financing data are estimation (2012- 2019) and projection (2019-2030) based on SBN and IFC research. | \* Projected numbers for 2025 and 2030.

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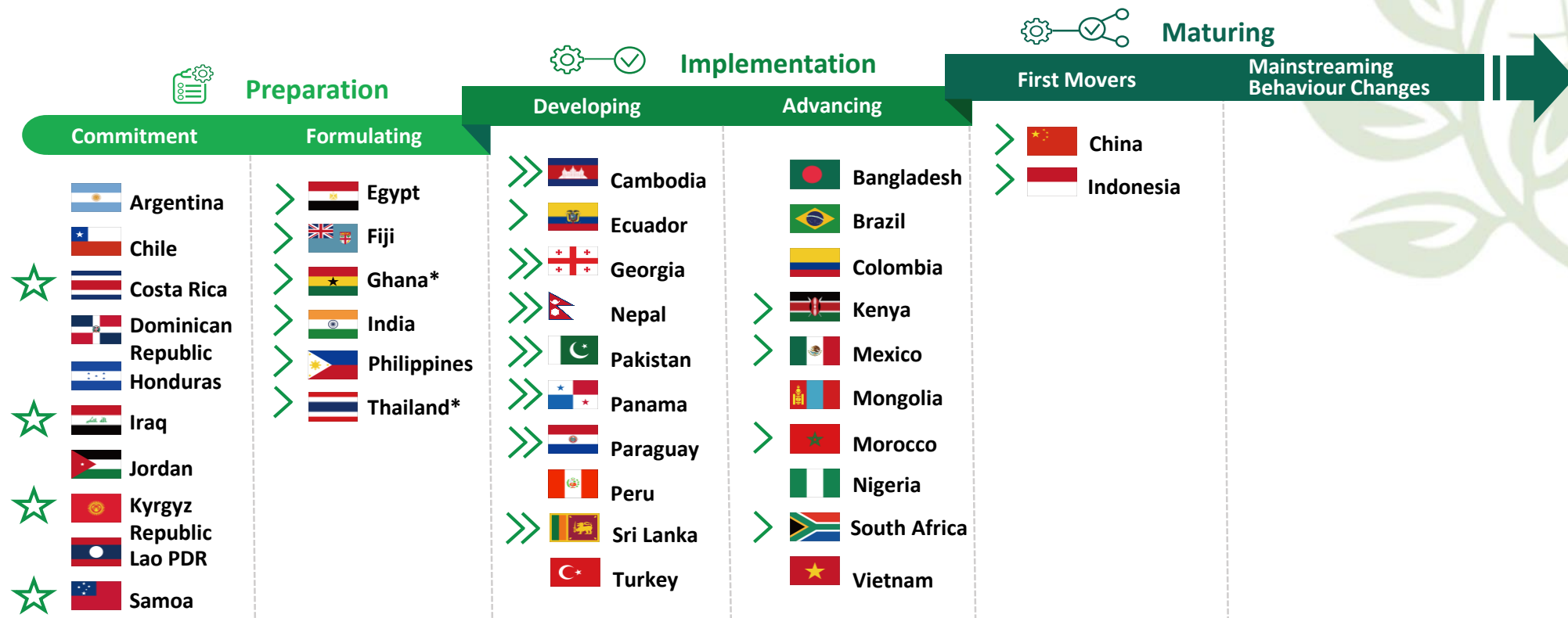
# SBN 2019 Global Progress Report



# SBN Measurement Framework – Member Consensus



# 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

# 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 management

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

Organization

Questions

Does the framework ask to define role

Does the framework highlight the role  
compliance officers)?

Does the framework ask to define cor



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Bangladesh

Compare with

Region:  
Asia

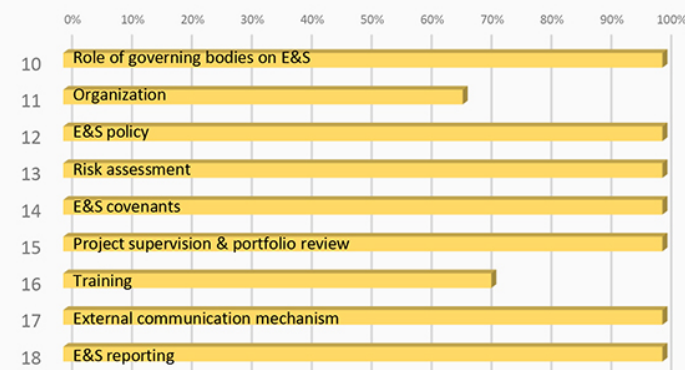
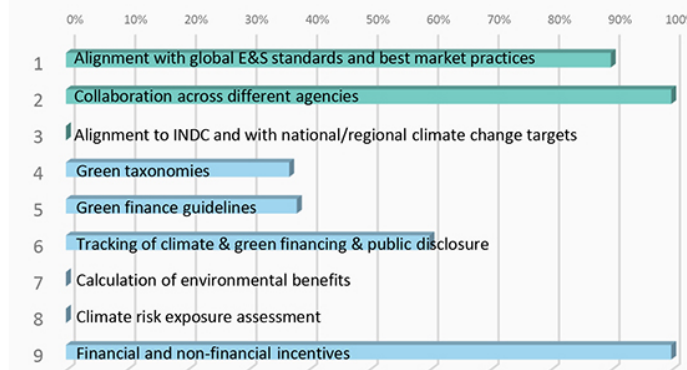
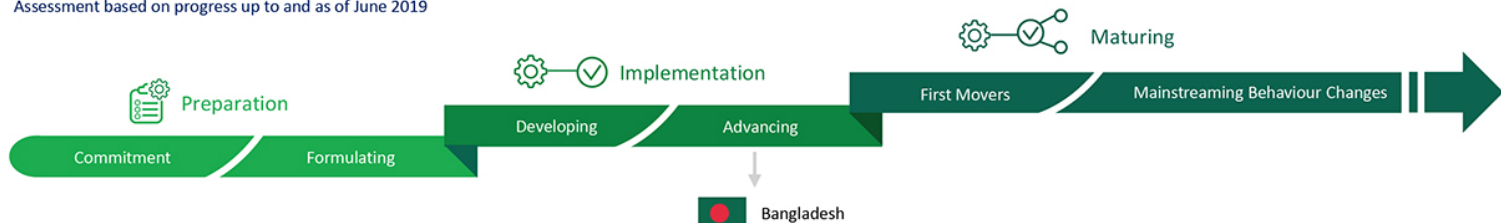
SBN Member:  
Bank of Bangladesh

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**  
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