

# Accelerating Sustainable Finance Together

Global Progress Report of the Sustainable Banking and Finance Network

Evidence of Policy Innovations and Market Actions across 43 Emerging Markets

October 2021

**FOREWORD FROM THE SBFN SECRETARIAT**



Sustainable  
Banking and  
Finance  
Network



*Creating Markets, Creating Opportunities*

# Foreword from the SBFN Secretariat

In the face of the twin shocks of COVID-19 and the climate crisis, what people, businesses, and economies need in abundance is resilience. World Bank research estimates that climate change could drive up to 132 million more people into poverty by 2030.<sup>1</sup> The effects are already being felt through droughts, heatwaves, floods, and fires, and worse is ahead if we don't rapidly curb greenhouse gas emissions and invest in adaptation. This reality is compounded by the additional 150 million people who may end up in extreme poverty in 2021 due to COVID-19. These combined trends will increase inequality and more seriously affect people who are already marginalized.

The financial sector is on the frontlines of managing these economic, environmental, and social shocks by supporting the private sector's role in unlocking opportunities that help achieve climate commitments and the Sustainable Development Goals. To accelerate this response, financial sector regulators and banking associations across emerging markets are promoting a rapid shift to sustainable finance as a pathway to mobilize the financial sector for resilience.

IFC and 10 emerging markets established the Sustainable Banking and Finance Network (SBFN)—formerly the Sustainable Banking Network—in 2012 with precisely that mission: to accelerate sustainable finance in emerging markets as a tool for increased resilience and prosperity. SBFN's recent name change exemplifies the commitments of members to create collaborative ecosystems for sustainable finance across all parts of the financial sector.

SBFN's 63 member institutions represent 43 countries and \$43 trillion, accounting for 86 percent of banking assets in emerging markets. SBFN facilitates knowledge sharing and collaboration on common approaches by members to speed up the development of national sustainable finance frameworks. So far, these efforts have supported members in 33 countries to launch over 200 national policies, roadmaps, voluntary principles, guidelines, and tools to enable

sustainable lending and investments. This includes the development of guidelines and taxonomies that are enabling the growth in green, social, and sustainability-focused finance in emerging markets.

In fact, global green bond issuance now exceeds \$1.3 trillion and SBFN countries have led this trend in their regions. According to an IFC-Amundi report, green bond issuance in emerging markets in 2020 was robust, with 174 green bonds amounting to \$40 billion in issuance from 101 issuers. This represents 14 percent of global issuance in 2020. Seven emerging markets issued green bonds for the first time to achieve commitments under the Paris Agreement.<sup>2</sup> In Africa and Latin America, SBFN countries accounted for over 95 percent of cumulative regional green bond issuance.

As the Secretariat to SBFN, IFC is proud to support this acceleration. Both the risk management and opportunity sides of sustainable finance have been part of IFC's DNA for over two decades. We help to set and implement standards through our comprehensive Environmental and Social Performance Standards and Corporate Governance methodology for financing projects in emerging markets. IFC is also committed to growing its climate-related investments to an annual average of 35 percent of its own-account long-term commitment volume between 2021 and 2025 and working with financial institutions to finance projects that will support mitigation and adaptation. In 2021, the World Bank Group approved the Climate Change Action Plan (CCAP),<sup>3</sup> in which IFC committed to have 85 percent of its investment program aligned with the Paris Agreement by 2023, and 100 percent by 2025.

IFC is particularly committed to supporting low-income countries and countries affected by fragility, conflict, and violence to harness the benefits of sustainable finance. SBFN's 2020 report, *Necessary Ambition*, found that sustainable finance is a critical pathway for low-income countries to de-risk investments and spur the private

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1 World Bank, 2020, "Poverty and Shared Prosperity 2020: Revised Estimates of the Impact of Climate Change on Extreme Poverty by 2030"

2 IFC and Amundi, 2021, "Emerging Market Green Bonds Report 2020"

3 World Bank, 2021, "World Bank Group Climate Change Action Plan 2021–2025 : Supporting Green, Resilient, and Inclusive Development"

financial flows needed to strengthen economic resilience and social inclusion. We will continue to support these countries to address resource and capacity constraints in adopting sustainable finance.

Celebrating almost a decade of progress, a key tenet of SBFN is its partnership across the financial sector—between public and private sector institutions, and at regional and global levels. Members demonstrate what can be achieved when regulators, policymakers, industry associations, financial intermediaries, and development institutions collaborate to advance sustainable finance.

To assist this collaboration, SBFN leverages IFC's sustainability leadership across banking and capital markets, including as a leading green bond issuer and investor, and expertise across the World Bank Group in areas such

as climate risk and sovereign green bond issuance. Over the past two years, SBFN's outgoing Chair, former IFC Vice President Georgina Baker, played a critical role in harnessing World Bank Group to support SBFN members, and championed the Network's growth through her tireless leadership, particularly with new members in Eastern Europe and Central Asia. I look forward to building on Georgina's legacy and continuing this timely and important work.

Crises often result in opportunity, and the pandemic and climate change are no exceptions. As this year's Global Progress Report and Country Reports show, emerging markets are leading the urgent charge to champion sustainable finance as a powerful tool for a resilient and inclusive recovery from COVID-19 and a just transition to green and low-carbon economies.



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