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
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.

Source: https://www.weforum.org/agenda/2017/09/the-money-is-there-to-fight-climate-change/
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.

Source: IFC Compilation
Strong ESG Standards Deliver Development Impact - IFC’s Performance Standards & Corporate Governance Methodology Help Address 16 of the 17 SDGs

Source: IFC Compilation
Strong ESG Standards Facilitate Sustainable Investment - Financing in Emerging Markets Influenced by IFC’s Performance Standards

Participants:
- IFC
- International Financial Institutions: 15
- Equator Principles
- Member Banks: 84
- IFC client banks and funds: 270
- Export Credit Agencies: 32

$4.5 TRILLION
(AGGREGATE TOTAL FINANCE 2006-2016)

$7 BILLION

Source: IFC Compilation
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.
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

SBN member countries total banking assets

- 2012: $36.6 Trillion
- 2019: $43 Trillion

SBN Members (2019)
- Kyrgyzstan
- Lao PDR
- Mexico
- Mongolia
- Morocco
- Nepal
- Nigeria
- Pakistan
- Panama
- Paraguay
- Peru
- Philippines
- Samoa
- South Africa
- Sri Lanka
- Thailand*
- Turkey
- Vietnam
- Argentina
- Bangladesh
- Brazil
- Cambodia
- Chile
- China
- Colombia
- Costa Rica
- Dominican Republic
- Ecuador
- Egypt
- Fiji
- Georgia
- Ghana*
- Jordan
- Honduras
- India
- 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 SBN member countries

# of SBN member countries with national sustainable finance framework

$23T
$36T
$39T
$45T*
$50T*

2%-5%
5%-7%
7%-10%
10%-20%*
30%*

% of green and climate lending in banks’ portfolio

38 member countries account for $43T in bank assets, or 86% of the total in emerging markets

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
National sustainable finance policies & principles were assessed against ESG risk management practices, climate and green finance flows and alignment with international standards.

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

Countries were mapped across a progression matrix to capture their level of progress.

ESG Integration Pillar
- Governance of E&S
- E&S risk management
- Enforcement

Strategic Alignment Pillar
- Alignment with global E&S standards and best market practices
- Alignment to NDCs and with national/regional climate change targets
- Multi-stakeholder collaboration

Climate and Green Finance Pillar
- Products and services
- Climate & green investment reporting
- Measurement
- Incentives

Sector-level data and case studies

Preparation
- Commitment
- Formulating

Implementation
- Developing
- Advancing

Maturing
- First Movers
- Mainstreaming

Behaviour Changes

Creating Markets, Creating Opportunities
### 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.
22 SBN members have developed national sustainable finance frameworks*

<table>
<thead>
<tr>
<th>Pillar I: Strategic Alignment</th>
<th>Pillar II: Climate and Green Finance</th>
<th>Pillar III: ESG Integration</th>
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<td>2. Alignment to NDCs and with national/regional climate change targets</td>
<td>5. Green finance product guidelines</td>
<td>11. Organization</td>
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<td>7. Calculation of environmental benefits</td>
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<td>19. Enforcement</td>
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<td>Dark shading indicates this element is included in the country’s sustainable finance framework</td>
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<tr>
<td>Light shading indicates this element is not included in the country’s sustainable finance framework</td>
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</tbody>
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2019 SBN Global Progress Report – Online Analytical Tool

Role of governing bodies on ESG

- Does the country policy require one or more agencies (such as the Supervisory Board, etc.) to approve a bank’s ESG strategy?
- Does the policy require the management committee to review and implement the ESG strategy?
- Does the framework ask for the role of the executive committee?
- Does the framework highlight the role of companies and compliance officers?
- Does the framework ask to define the roles?
"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.
Learn more about
SBN 2019 Global Progress Report
www.ifc.org/sbn

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