

GLOBAL PROGRESS REPORT of the Sustainable Banking Network

Innovations in Policy and Industry Actions in
Emerging Markets

October 2019

Foreword from SBN Measurement Working Group

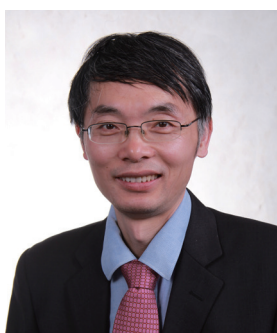


Foreword from the SBN Measurement Working Group

Co-chairs of the SBN Measurement Working Group



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As financial market regulators, we, together with financial industry associations, have considered it part of our responsibility to tackle urgent global challenges, including climate change, ecosystem degradation, and to create economic opportunities through market innovations. We see sustainable finance as being inseparable from these objectives.

The SBN Global and Country Progress Reports bring together rich country experiences and the practical lessons we have learned as a community over the past seven years. All SBN members have a deep commitment to share our lessons, insights, and approaches with other countries so that we can collectively accelerate the sustainable finance revolution. As chairs of the SBN Measurement Working Group, we are excited to see the value created through member exchanges and discussions. Our hope is that the SBN Reports can be a useful tool to help us track our progress against a consistent global benchmark and allow us to benefit from a common global knowledge base and peer-to-peer learning.

This year's SBN Global and Country Reports show a strong consensus among SBN members to align our national financial markets with global sustainable development goals and climate change targets. Close to 60 percent of SBN member countries (22) have introduced market-wide sustainable finance frameworks, of which over 60 percent explicitly cite the United Nations Sustainable Development Goals, the Paris Agreement, and Nationally Determined Contributions (NDCs) as drivers of sustainable finance.

This year's report also shows growing recognition of the business case for green finance innovation. With the majority of SBN members now advancing on their policies, and even new and low-income countries ready to move quickly, we can see countries shifting to create markets for green, climate-focused, and inclusive investments. Indonesia's two sovereign green sukuk amounting to \$2 billion, along with China's \$1.2 trillion of green lending by banks, are examples of what is possible. Both the need and the opportunities here are immense.

Integrating climate, environmental, and social sustainability factors into financial systems takes time. This requires development of new financial market roadmaps, regulations, guidelines, and introduction of new market practices. It also requires effective consultation with stakeholders in different parts of the financial sector to ensure we create buy-in, and that the best solutions are chosen. Most countries take at least two years to introduce their first policies and supervision frameworks. However, once these elements are in place, the stage is set for rapid advances. Adoption by financial institutions also takes time, but there is mounting evidence that this is happening.

IFC and the World Bank Group are well positioned to continue supporting emerging markets in these various endeavours, and we continue to welcome their support and leadership through SBN.