

# Sustainable Banking Network (SBN)

## Background (May 2021)

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The Sustainable Banking Network (SBN) ([www.ifc.org/sbn](http://www.ifc.org/sbn)) is a knowledge and capacity- building platform of financial regulators, banking associations, and environmental regulators from emerging markets committed to developing sustainable finance frameworks based on national context and priorities, as well as international good practices.

SBN's main objectives are to: (a) provide technical assistance to support members in creating an enabling environment through developing and implementing national sustainable finance frameworks; (b) convene a global platform for practitioners to benefit from best practices and deepen collective learning; and (c) provide capacity building and knowledge sharing, with a focus on peer to peer exchanges among members.

As the private sector arm of the World Bank Group, IFC provides technical assistance to SBN members based on its practical experience gained from Environmental, Social and Governance (ESG) sustainability standards setting and application, as well as from investing and advising the private sector in emerging markets on green/climate finance innovation. IFC also acts as Secretariat and knowledge partner for the Network and connects SBN with its global network of development partners.

SBN membership now consists of 43 member countries including Argentina, Bangladesh, Brazil, Cambodia, Chile, China, Colombia, Costa Rica, Dominican Republic, Ecuador, Egypt, Fiji, Georgia, Ghana, Honduras, India, Indonesia, Iraq, Jordan, Kenya, Kazakhstan, Kyrgyzstan, Lao PDR, Maldives, Mexico, Mongolia, Morocco, Nepal, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Samoa, Serbia, South Africa, Sri Lanka, Thailand, Tunisia, Turkey, Ukraine and Vietnam. These countries represent \$43 trillion in banking assets, accounting for over 86% of the total \$50 trillion banking assets in emerging markets<sup>1</sup>. SBN member countries have taken different approaches toward sustainable finance. So far 28 countries have developed national frameworks on sustainable finance with IFC/SBN support.

SBN has four thematic working groups:

- **Member-led Measurement Working Group:** Established in 2016, the WG responds to SBN member demand for a systematic approach to assess and benchmark country progress in developing national sustainable finance frameworks. Up to September 2020, the WG has comprised representatives from 12 countries and regions and was chaired by the China Banking and Insurance Regulatory Commission (CBIRC) and the Indonesia Financial Services Authority (OJK).

The WG has developed and refined a Measurement Framework that was approved by all members and continues to evolve to keep pace with country-level and global developments. The WG members provided leadership for [SBN's 1st Global Progress Report and 15 Country Progress Reports](#) in 2018, as well as the [2nd Global Progress Report and 30 Country Progress Reports](#) in 2019.

New Co-Chairs and members of the WG were announced in October 2020 and are guiding the latest update of the SBN Measurement Framework as well as development of SBN's 3rd Global Progress Report, which will be published in October 2021.

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<sup>1</sup> Data Source: International Monetary Fund, Financial Soundness Indicators, <http://data.imf.org/?sk=51B096FA-2CD2-40C2-8D09-0699CC1764DA>

- Member-led Sustainable Finance Instruments Working Group (the former Green Bond Working Group): Established in 2017, this WG responds to members' interest in the global green bond trend and associated market opportunities. It led to the 2018 report "[Creating Green Bond Markets](#)", which mapped green bond market developments in over 22 emerging markets and included a practical toolkit for SBN members. Going forward, the WG will expand to reflect new developments in social and sustainability bonds and loans and other financial instruments with green, social, and sustainability benefits.
  
- Member-led Data & Disclosure Working Group: Announced in 2019, this WG responds to the current global need for improved data and disclosure by the financial sector to support national sustainable finance ecosystems and enable regulators and supervisory agencies to better assess environmental, social, and governance (ESG) risks at the market level and incentivize the transition to green economies. Recent trends include the growing need for climate-related data, driven by initiatives such as the Task Force on Climate-related Financial Disclosures (TCFD). The WG will map the latest country-level developments in sustainable finance data and disclosure across the SBN community as well as international initiatives to facilitate the continued development of tools and practical guidance for SBN members.
  
- Member-led IDA Task Force: Established in 2018, responds to low-income members' interests in finance for climate change. It aims to deepen the sustainable finance framework development and implementation in IDA member-countries. The task force constitutes 11 countries: three in advanced stages of implementing sustainable finance and eight at the outset of their journeys.

The IDA Task Force aspires to raise environment, social, and governance risk management standards in financial markets, to mobilize financing, particularly from private sector, for climate change mitigation and adaptation in line with the Paris Agreement, and to support capital flows that deliver the Sustainable Development Goals. Private sector finance in emerging markets can make a substantial difference.