Sustainable Banking Network Launches Second Global Progress Report

We are delighted to announce the release of the second Sustainable Banking Network Global Progress Report and the associated thirty individual country reports, all of which are available at www.ifc.org/SBN2019Report.

The Sustainable Banking Network, or SBN, is an IFC-supported knowledge network of financial regulators, central banks, and banking associations from emerging markets that are committed to sustainable finance. Seven years since its establishment, SBN has grown into a major force for sustainable finance. The network’s members now represent 38 countries and $43 trillion, or 86 percent, of the banking assets in emerging markets.

The Report presents an agreed-upon measurement framework and tools for benchmarking country progress and strategies in sustainable finance. The SBN Measurement Framework is comprised of three pillars—Strategic Alignment, Climate & Green Finance, and ESG Integration—that have been identified by members as essential to sustainable finance reform. In addition, a Progression Matrix maps country maturity according to six stages of progress toward developing and implementing sustainable financing frameworks.

The Report documents the accelerated progress of SBN members in translating policy innovations into practical implementation and behavior change by financial institutions. Key findings include:

- Sustainable finance is increasingly at the core of financial regulation and financial market norms. As of October 2019, 24 SBN member countries have launched national sustainable finance policies and voluntary principles.
- SBN members are committed to aligning their sustainable finance policies and principles with market good practices and international goals on climate and sustainable development.
- Management of environmental, social, and governance (ESG) risks is shifting from being a niche to a widespread expectation of regulators and good industry practices. The Equator Principles and IFC Performance Standards are among the most referenced international standards by SBN members.
- Green bonds have emerged as a key driver of national climate-focused and green finance market development. Fourteen countries have developed green bond guidelines that substantially align with or directly reference international standards.
- Robust ESG reporting and monitoring frameworks are critical to strengthening financial institutions and helping to create natural checks and balances. SBN members are developing innovative approaches that require banks to monitor, manage, and report on their own ESG processes as well as the impacts they are having on borrowers’ businesses, the environment, and society.
- More work lies ahead for financial institutions to understand and assess financial market risks and opportunities related to climate change.

The global and country reports start by assessing the comprehensiveness and clarity of countries’ sustainable finance policies and principles. In addition, this year’s research delves deeper into the effectiveness of implementation and evidence of behavior change by banks operating in each country.

Finally, the report contains 42 case studies from 24 countries.

Once again, SBN members have shown that it is possible to unite a wide array of countries in support of sustainable finance and achieve significant progress in a relatively short period of time. Despite choosing a range of implementation approaches, the 38 member countries demonstrate a collective ambition and a consistent framework for measuring progress, positioning them to further accelerate reforms.