



**Sustainable Finance Department
Bangladesh Bank
Head Office**

Quarterly Review Report on Sustainable Finance of Banks & Financial Institutions



January-March, 2022

Executive Summary

The concern for environmental sustainability and inclusive growth has given mass recognition to the concept of corporate social responsibility and inclusive finance. In an emerging economy like Bangladesh, environmental management needs to be the key focus area of the business fraternity especially the banking industry being the major intermediary. Addressing environmental and social risks associated with financing activities by banks/FIs is a “must do” step in overall Credit Rating for credit approval. Stricter monitoring thereafter disbursement must go on. Accordingly, Bangladesh Bank has also integrated issues of socially responsible initiatives along with core activities of banks/FIs driving towards sustainable finance strategies.

Green and sustainable interventions and frameworks are crucial for making future development more sustainable. Forming sustainable frameworks are very much within the broader scope of sustainable development agenda of a country like Bangladesh. Banks and financial institutions (FIs) hold a unique position in an economic system that can affect production, business and other economic activities through their financing activities, and thus also influence environmental risk management in real economy, and sustainable growth. These institutions can accelerate the movement of a clean world to a large extent. For instance, these institutions can implement a 'go-green' policy for themselves and encourage client firms to adopt clean technology. In the long-term, this strategy is expected to be favorable for firms, to reduce the cost and induce the access to the new market. To advance their interest, all the financial institutions should follow the carbon footprint of their clients or projects to ensure overall sustainability.

For the first time Bangladesh Bank (BB) has defined ‘Sustainable Finance’ for Banks & FIs. This report entails the information on all the policy initiatives and operational approaches on Sustainable finance taken by BB, and the Sustainable Finance activities of Banks & FIs from January 01 to 31 March, 2022 timeline. It also covers green finance/investment by 61 scheduled banks and 34 FIs under refinance scheme.

Green Finance by Banks in Jan-Mar, 2022

16,895.27 million BDT

Green Finance by FIs in Jan-Mar, 2022

4,090.42 million BDT

Sustainable Finance by Banks in Jan-Mar, 2022

252,906.70 million BDT

Sustainable Finance by FIs in Jan-Mar, 2022

8,590.46 million BDT

Table of Contents

| SI No. | Topics | Page No. |
|---------------|------------------------------------------------------------------------------------|-----------------|
| 1 | Introduction | 1 |
| 2 | Policy Chronology and Refinancing Initiatives of BB | 2-3 |
| 3 | At a Glance Sustainable Finance in January-March, 2022 | 3-7 |
| 4 | Review on Sustainable Finance Activities of Banks and Financial Institutions (FIs) | 7-11 |
| 5 | Review on Refinancing Schemes of BB for Green Finance | 11-13 |
| 6 | Concluding Remarks | 13-14 |

1. Introduction

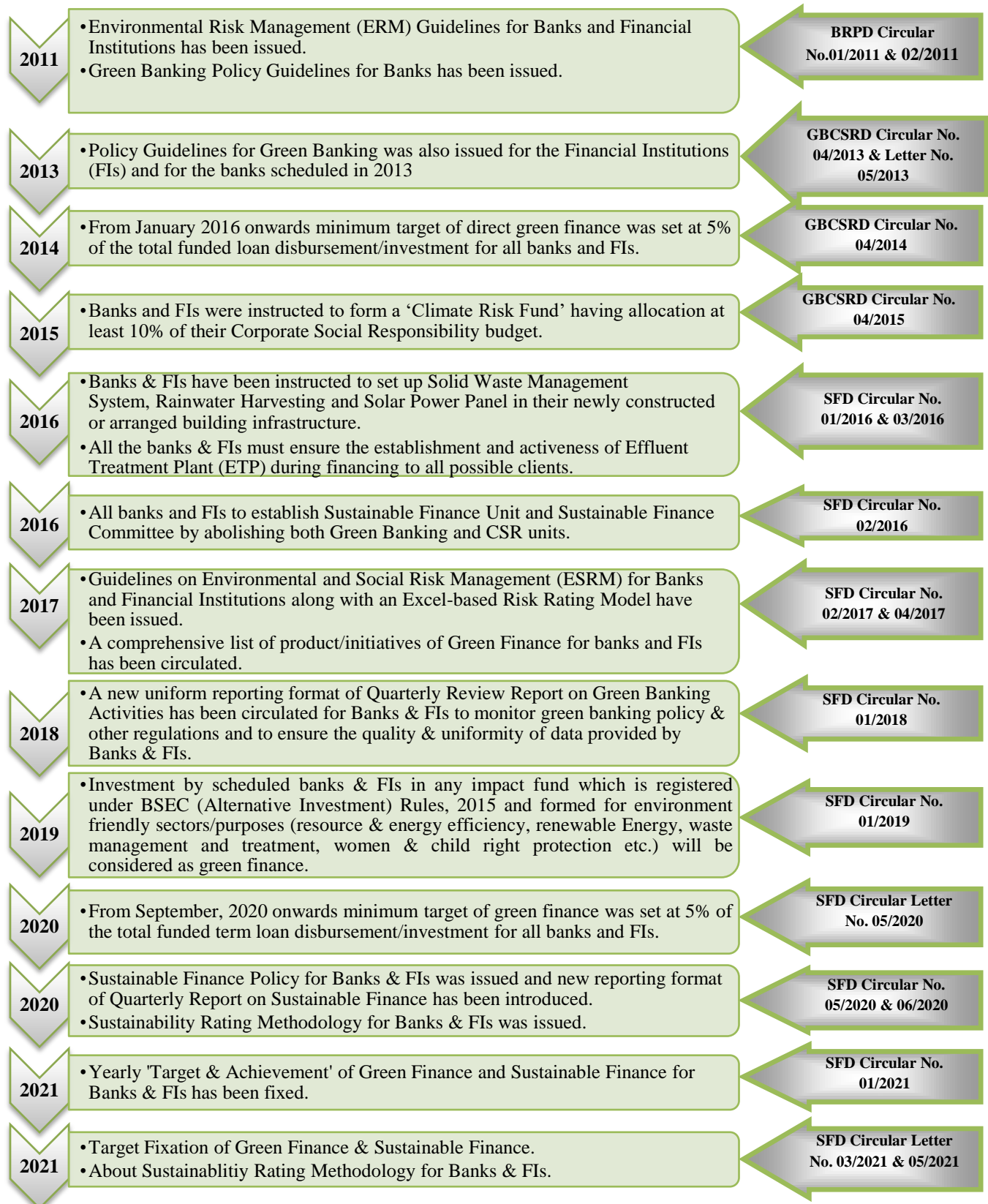
Sustainability has become one of the mainstream considerations in the financial sector. Bangladesh by its geography is a highly vulnerable country of climate change. Recognizing that the financial sector can play a catalytic role in speeding up adoption of environmentally friendlier output practices in the real economy; Bangladesh Bank (BB) has become role model by pioneering green banking initiatives by guiding proactively the banks and NBFIs since 2011. In this context, Sustainable Finance initiatives of BB broadly categorized into the following aspects: policy initiatives, monitoring of Sustainable Finance activities of banks and NBFIs, refinance support from BB in diverse green products/sectors, and BB's own initiatives for environmental management. Introduction of Sustainable Finance Policy has given an ample opportunity for the banks and FIs to contribute to inclusive Sustainable Green Growth where Green Finance, Sustainable Agriculture, Sustainable CMSME, Socially Responsible Financing, other financing and CSR activities linked to sustainability is structurally addressed. Sustainable Finance refers to the business conducted in such areas and in such a manner that help the overall reduction of external carbon emission and internal carbon footprint.

The banking sector is one of the major sources of financing industrial projects such as steel, paper, cement, chemicals, fertilizers, power, textiles, etc., which cause maximum carbon emission. Therefore, the banking sector can play an intermediary role between economic & social development and environmental protection, for promoting environmentally sustainable and socially responsible investment.

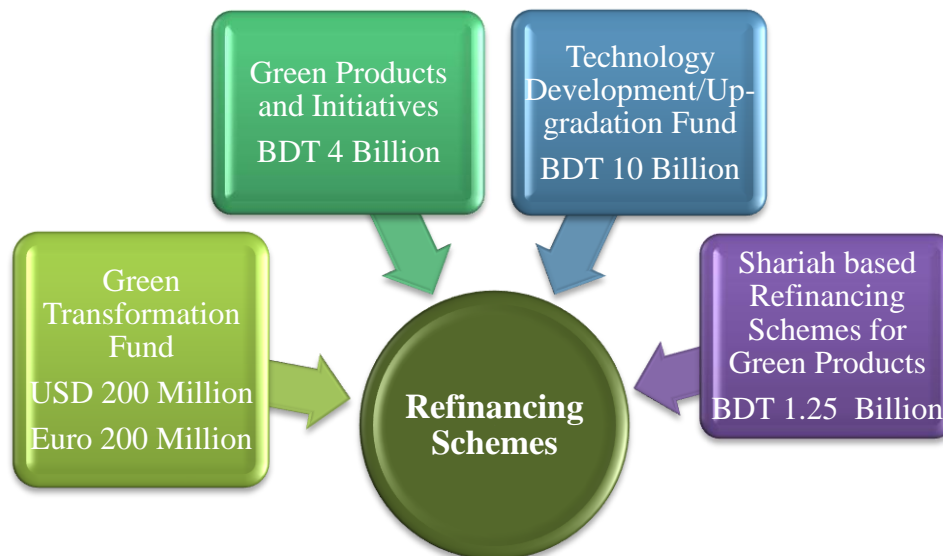
Quarterly Review Report on Sustainable Finance has been introduced for the first time not only for the green banking activities but also covering all the components of sustainable finance under Sustainable Finance Taxonomy. This report reflects a review of banks and FIs' efforts concerning People, Planet and Profit.

2. Policy Chronology and Refinancing Initiatives of BB

2.1 Policy Chronology:



2.2 Refinancing Initiatives of BB:



3. At a Glance Sustainable Finance in January-March, 2022

3.1 Sustainable Finance:

A. Highlights:

| Issue | Banks | FIs | Total |
|-----------------------------------------------------|------------|----------|------------|
| Sustainable Finance (in million BDT) | 252,906.70 | 8,590.46 | 261,497.16 |
| Sustainable Finance as % of Total Loan Disbursement | 9.85% | 14.76% | 9.96% |
| Green Finance (in million BDT) | 16,895.27 | 4,090.42 | 20,985.69 |
| Green Finance as % of Total Term Loan Disbursement | 3.10% | 8.79% | 3.55% |
| Sustainable Linked Finance (in million BDT) | 236,011.42 | 4,500.04 | 240,511.47 |

B. Sector-wise Sustainable Finance:

| Issue | Sustainable Finance (in million BDT) by Banks & FIs | | | | | | Green Finance | Sustainable Finance |
|--------------|-----------------------------------------------------|-------------------|--------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------|-----------|---------------|---------------------|
| | Sustainable Linked Finance (SLF) | | | | | | | |
| | Sustainable Agriculture | Sustainable CMSME | Socially Responsible Financing (SRF) | Working Capital & Demand Loan of Green Products/Projects/Initiatives | Priority Green/Eco-Friendly Products for Trading Sector | | | |
| | 1 | | | | | 2 | 1+2 | |
| Banks | 72,820.84 | 23,170.02 | 72,933.64 | 62,222.69 | 4,864.24 | 16,895.27 | 252,906.70 | |
| FIs | 686.19 | 225.84 | 2,681.31 | 653.60 | 253.10 | 4,090.42 | 8,590.46 | |
| Total | 73,507.03 | 23,395.86 | 75,614.95 | 62,876.29 | 5,117.34 | 20,985.69 | 261,497.16 | |

3.2 Borrowers in Sustainable Finance:

A. Sector-wise:

| Borrowers in Sustainable Finance by Banks & FIs | | | | | | | |
|-------------------------------------------------|----------------------------------|-------------------|--------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------|---------------|---------------------|
| Issue | Sustainable Linked Finance (SLF) | | | | | Green Finance | Sustainable Finance |
| | Sustainable Agriculture | Sustainable CMSME | Socially Responsible Financing (SRF) | Working Capital & Demand Loan of Green Products/Projects/Initiatives | Priority Green/Eco-Friendly Products for Trading Sector | | |
| | 1 | | | | | 2 | 1+2 |
| Banks | 617,448 | 3,097 | 467,349 | 2,176 | 494 | 1,328 | 1,091,892 |
| FIs | 593 | 106 | 7,488 | 18 | 106 | 316 | 8,627 |
| Total | 618,041 | 3,203 | 474,837 | 2,194 | 600 | 1,644 | 1,100,519 |

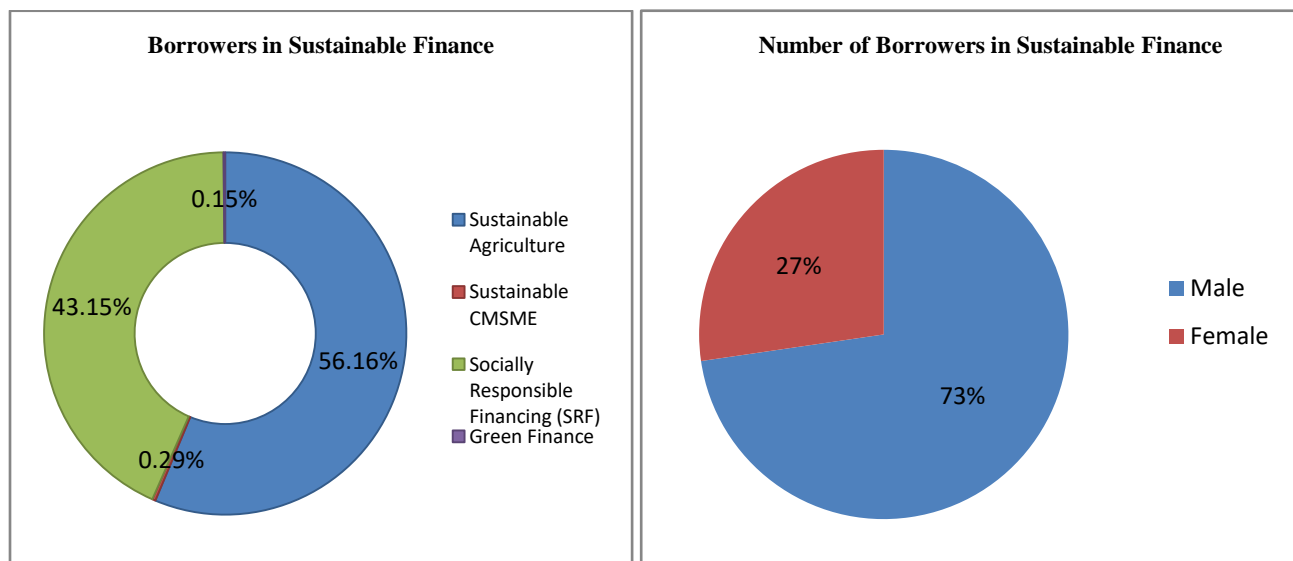
B. Gender-wise:

| Number of Borrowers in Sustainable Finance | Male | Female | Third Gender | Total |
|--------------------------------------------|---------|---------|--------------|-----------|
| Banks | 798,530 | 293,362 | 0 | 1,091,892 |
| FIs | 1,525 | 7,102 | 0 | 8,627 |
| Total | 800,055 | 300,464 | 0 | 1,100,519 |

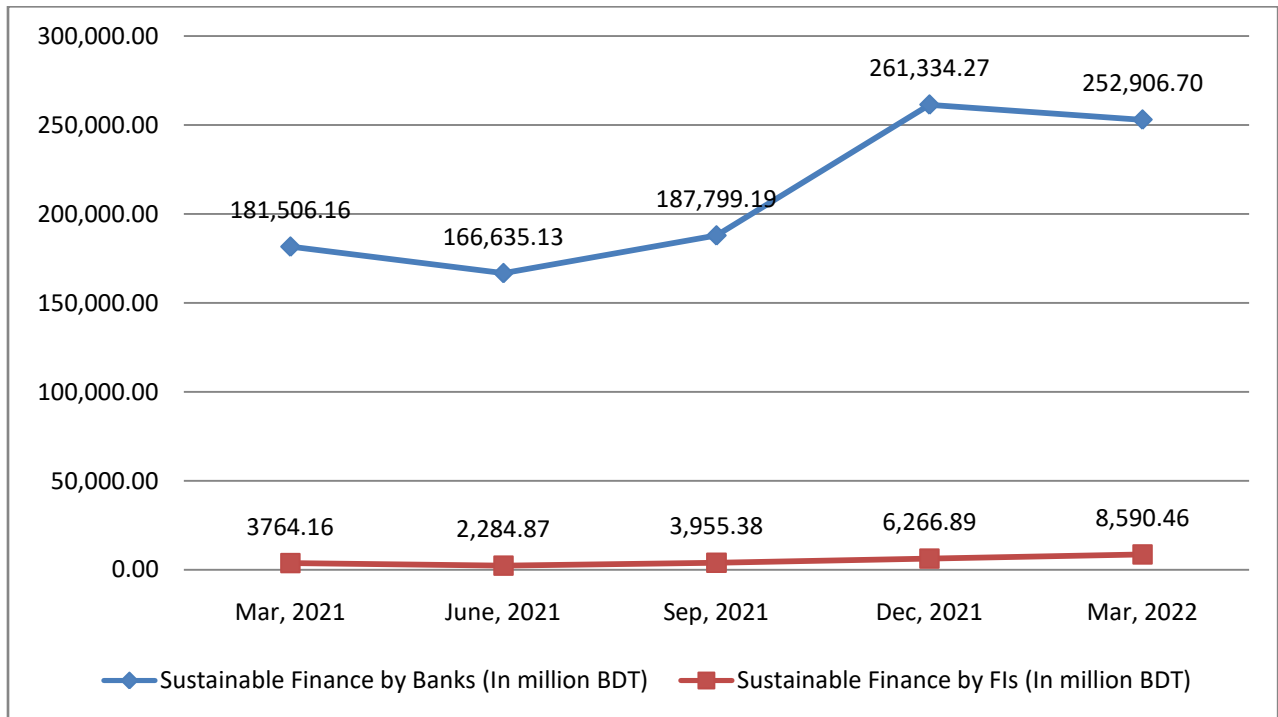
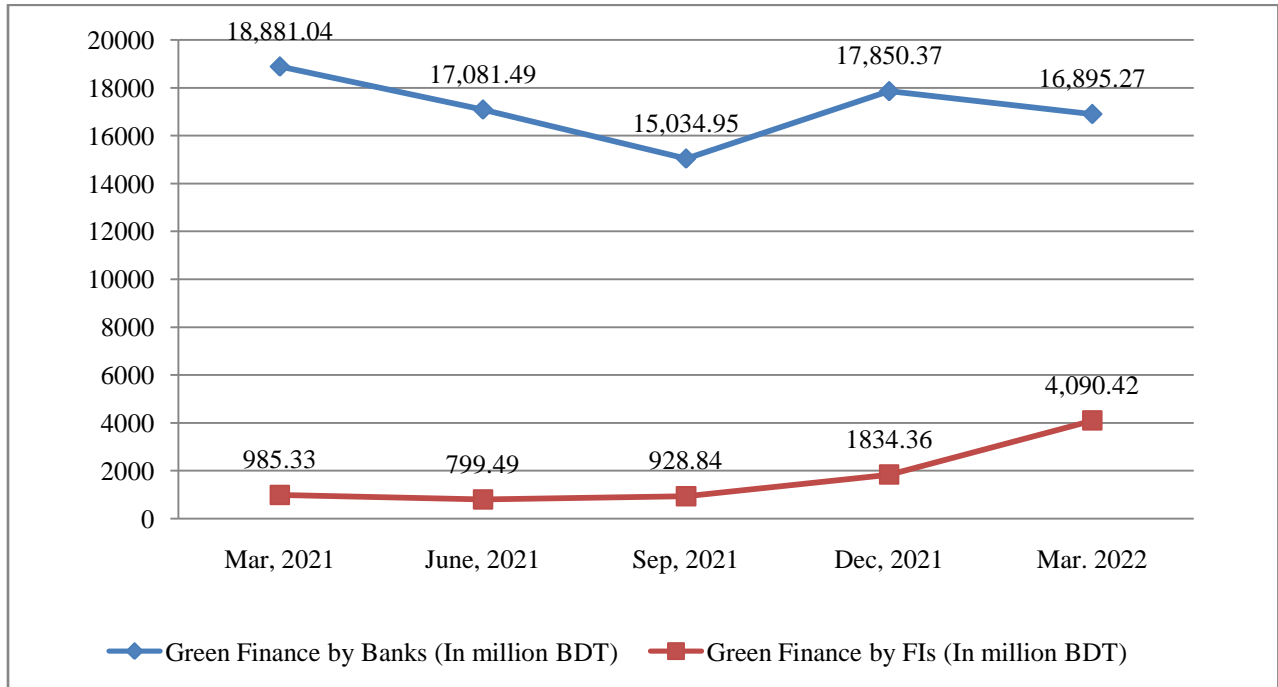
C. Rural-Urban wise:

| Number of Borrowers in Sustainable Finance | Rural | Urban | Total |
|--------------------------------------------|---------|---------|-----------|
| Banks | 815,582 | 276,310 | 1,091,892 |
| FIs | 7,318 | 1,309 | 8,627 |
| Total | 822,900 | 277,619 | 1,100,519 |

D. Graphical Representation of Borrowers in Sustainable Finance



E. Quarterly Trend of Green Finance & Sustainable Finance



In January-March, 2022 period contribution to Green Finance is 20,985.69 million taka which is 1300.96 million taka more than October-December, 2021 period. In contrary, in January-March, 2022 period contribution to Sustainable Finance is 2,61,497.16 million taka which is 6,104 million taka less than October-December, 2021 period.

3.3 Utilization of Climate Risk Fund:

Total utilization of Climate Risk Fund in the said quarter is 25.19 million taka.

**3.4 Environmental & Social Risk Management:**

| Issue | Banks | FIs | Total |
|----------------------------------------------------------|------------|-----------|------------|
| Number of Environmental Risk Rated Projects | 33,513 | 1,539 | 35,052 |
| Number of Environmental Risk Rated Projects Financed | 26,191 | 1,522 | 27,713 |
| Amount Disbursed Against Rated Projects (in million BDT) | 924,361.70 | 25,380.72 | 949,742.43 |

3.5 Environmental Conservation in Business Centers (Data Shown as Cumulative):

| Issue | Banks | FIs | Total |
|-------------------------------------------------------|--------|--------|--------|
| Number of Solar Powered Branches | 702 | 4 | 706 |
| Number of Branches with Rainwater Harvesting | 4 | 2 | 6 |
| Number of Branches with Solid Waste Management System | 23 | 2 | 25 |
| Number of Solar powered ATM Booths | 214 | - | 214 |
| Number of Solar Powered Agent Outlets | 27 | - | 27 |
| Online branches (as % of total branches) | 98.87% | 23.10% | 97.02% |

3.6 Leading Banks & FIs attainment in Sustainable Finance & Green Finance¹:**A. Sustainable Finance (Period: January-March, 2022)**

| Name of the Banks | Target Attainment | Name of the NBFIs | Target Attainment |
|------------------------------|-------------------|---------------------------------------------------------------|-------------------|
| Bangladesh Krishi Bank | 56.64% | Bangladesh Infrastructure Finance Fund Ltd | 100.00% |
| Rajshahi Krishi Unnayan Bank | 40.68% | Industrial and Infrastructure Development Finance Company Ltd | 79.15% |
| National Bank Ltd | 33.53% | Bay Leasing & Investment Ltd | 48.08% |
| Mutual Trust Bank Ltd | 26.95% | Agrani SME Financing Company Ltd | 36.50% |
| State Bank of India | 23.36% | Hajj Finance Company Ltd | 34.31% |
| Eastern Bank Ltd | 22.43% | Lankan Alliance Finance Ltd | 31.38% |
| BRAC Bank Ltd | 22.32% | IDCOL | 28.24% |

¹ Target attainment in Sustainable Finance (SF): Disbursement in SF \geq 20% of total loan disbursement.
Target attainment in Green Finance (GF): Disbursement in GF \geq 5% of total term loan disbursement.

B. Green Finance (Period: January-March, 2022)

| Name of the Banks | Target Attainment | Name of the NBFIs | Target Attainment |
|----------------------------|-------------------|----------------------------------------------------|-------------------|
| Islami Bank Bangladesh Ltd | 18.26% | Bangladesh Infrastructure Finance Fund Ltd (BIFFL) | 100.00% |
| Pubali Bank Ltd | 10.74% | IDCOL | 28.24% |
| Shahajalal Islami Bank Ltd | 10.69% | CVC Finance Ltd | 15.86% |
| One Bank Ltd | 8.24% | Islamic Finance and Investment Ltd | 12.35% |
| United Commercial Bank Ltd | 7.05% | Bangladesh Finance & Investment Limited | 8.48% |
| Global Islami Bank Ltd | 7.02% | IDLC Finance Ltd | 8.28% |
| Mutual Trust Bank Ltd | 6.72% | Agrani SME Financing Company Ltd | 5.02% |
| Eastern Bank Ltd | 6.44% | | |
| Jamuna Bank Ltd | 6.26% | | |
| Bank Asia Ltd | 5.60% | | |
| Basic Bank Ltd | 5.47% | | |

4. Review on Sustainable Finance Activities of Banks and Financial Institutions (FIs)**4.1 Policy Formulation and Governance:**

All scheduled banks and FIs have formed their own Sustainable Finance Unit. Bangladesh Bank has introduced Sustainable Finance Policy in December, 2020. Through this policy BB has defined Sustainable Finance for Banks & FIs. All the Banks and FIs have to form their own Sustainable Finance Policy mandatorily.

4.2 Overview of Sustainable Finance:

53 Banks out of 61 and 17 FIs out of 34 have had exposure in sustainable finance in the reporting quarter. The snapshot of Sustainable Finance by banks and FIs during January-March, 2022 quarter is shown in Table-4.1, 4.2 and 4.3.

*Table-4.1: Sustainable Finance in January-March, 2022**(In million BDT)*

| Type of Bank/FI | Total Loan Disbursed | Total Term Loan Disbursed | Green Finance | | Sustainable Finance | |
|---------------------|----------------------|---------------------------|------------------|-------------------|---------------------|---------------------|
| | | | Disbursed | Outstanding | Disbursed | Outstanding |
| SOCBs | 236,112.24 | 98,810.11 | 485.10 | 33,043.68 | 12,033.32 | 178,575.61 |
| SDBs | 42,898.13 | 22,095.39 | 1.96 | 160.31 | 21,689.74 | 224,512.43 |
| PCBs | 1,992,785.05 | 401,419.30 | 16,311.85 | 221,328.32 | 190,767.88 | 692,618.07 |
| FCBs | 295,125.74 | 22,123.94 | 96.36 | 3,670.96 | 28,415.76 | 54,267.23 |
| Bank's Total | 2,566,921.16 | 544,448.74 | 16,895.27 | 258,203.28 | 252,906.70 | 1,149,973.34 |
| FIs | 58,203.25 | 46,552.10 | 4,090.42 | 39,694.54 | 8,590.46 | 59,260.95 |
| Grand Total | 2,625,124.41 | 591,000.84 | 20,985.69 | 297,897.82 | 261,497.16 | 1,209,234.29 |

Table-4.2: Recovery and Rescheduling of Sustainable Finance in January-March, 2022

(In million BDT)

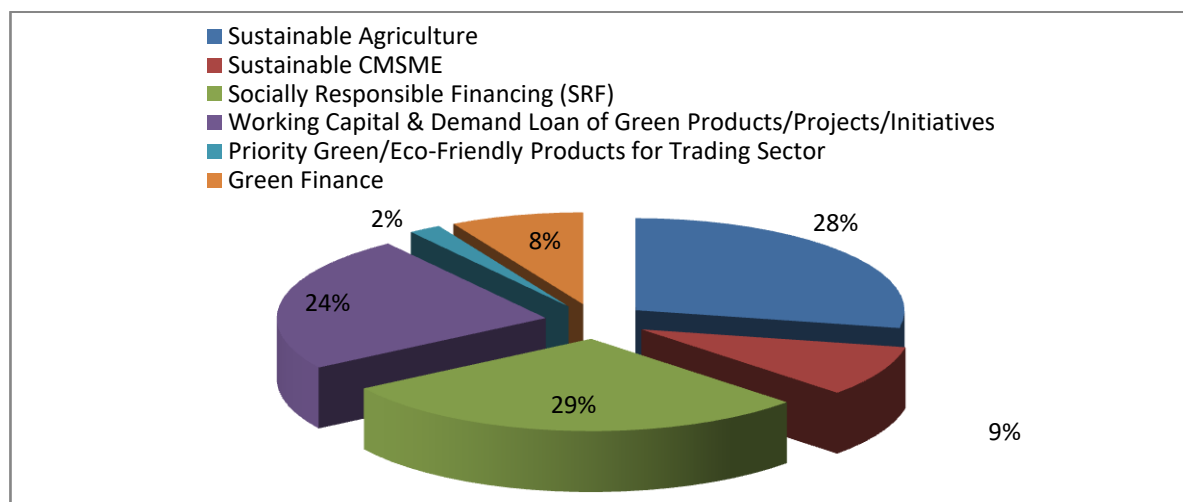
| Type of Bank/FI | Green Finance | | Sustainable Finance | |
|-----------------|---------------|-------------|---------------------|-------------|
| | Recovery | Rescheduled | Recovery | Rescheduled |
| SOCBs | 1,109.83 | 52.02 | 12,239.64 | 128.21 |
| SDBs | 1.39 | 0.00 | 12,772.24 | 0.00 |
| PCBs | 21,486.88 | 10.92 | 81,812.53 | 398.72 |
| FCBs | 625.51 | 0.00 | 31,548.89 | 0.00 |
| Bank's Total | 23,223.61 | 62.94 | 138,373.31 | 526.93 |
| FIs | 1,411.98 | 265.99 | 4,376.74 | 274.92 |
| Grand Total | 24,635.59 | 328.93 | 142,750.05 | 801.85 |

Table-4.3: Sustainable Finance in Million BDT (January-March, 2022)

(In million BDT)

| Type of Bank/FI | Sustainable Linked Finance (SLF) | | | | | Green Finance | Sustainable Finance |
|-----------------|----------------------------------|-------------------|--------------------------------------|-----------------------------------------------------------------------|---------------------------------------------------------|---------------|---------------------|
| | Sustainable Agriculture | Sustainable CMSME | Socially Responsible Financing (SRF) | Working Capital & Demand Loan of Green Products/Projects /Initiatives | Priority Green/Eco-Friendly Products for Trading Sector | | |
| SOCBs | 6,257.88 | 326.12 | 4,542.50 | 421.73 | 0.00 | 485.10 | 12,033.33 |
| SDBs | 21,309.96 | 377.82 | 0.00 | 0.00 | 0.00 | 1.96 | 21,689.74 |
| PCBs | 41,256.74 | 22,388.04 | 56,621.14 | 50,459.25 | 3,730.84 | 16,311.85 | 190,767.86 |
| FCBs | 3,996.26 | 78.03 | 11,770.00 | 11,341.70 | 1,133.40 | 96.36 | 28,415.76 |
| Bank's Total | 72,820.84 | 23,170.01 | 72,933.64 | 62,222.69 | 4,864.24 | 16,895.27 | 252,906.70 |
| FIs | 686.19 | 225.84 | 2,681.31 | 653.60 | 253.10 | 4,090.42 | 8,590.46 |
| Total | 73,507.03 | 23,395.86 | 75,614.95 | 62,876.29 | 5,117.34 | 20,985.69 | 261,497.16 |

Figure-4.1: Sustainable Finance by Banks and FIs in different sectors



4.3 Green Finance- Category wise:

34 Banks out of 61 and 9 FIs out of 34 have had exposure in green finance in the reporting quarter. Total amount invested as green finance has been BDT 16,895.27 million by banks and 4,090.42 million by FIs in January-March, 2022 period. A brief picture of sector wise green finance by Banks and FIs is shown in Table-4.4 & 4.5:

Table-4.4: Green Finance (in million BDT)

| Type of Bank/FI | Sectors of Green Finance | | | | |
|---------------------|--------------------------|-------------------|--------------------|-------------------------|------------------------|
| | Renewable Energy | Energy Efficiency | Alternative Energy | Liquid Waste Management | Solid Waste Management |
| SOCBs | 12.00 | 29.35 | 131.45 | 0.13 | 0.00 |
| SDBs | 1.39 | 0.00 | 0.00 | 0.00 | 0.00 |
| PCBs | 813.63 | 3,253.43 | 0.90 | 1,357.52 | 786.37 |
| FCBs | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Bank's Total | 827.02 | 3,282.78 | 132.35 | 1,357.65 | 786.37 |
| FIs | 1,029.73 | 799.23 | 30.00 | 125.00 | 0.00 |
| Grand Total | 1,856.75 | 4,082.01 | 162.35 | 1,482.65 | 786.37 |

Table-4.4: Green Finance (in million BDT)- *Table Continued*

| Type of Bank/FI | Sectors of Green Finance | | | | | |
|---------------------|-----------------------------------------------|---------------------------------------|--------------------------------------------|-------------------|---------------|---------------|
| | Recycling & Manufacturing of Recyclable Goods | Environment Friendly Brick Production | Green/ Environment Friendly Establishments | Green Agriculture | Green CMSME | Green SRF |
| SOCBs | 61.00 | 72.77 | 52.97 | 1.90 | 123.53 | 0.00 |
| SDBs | 0.00 | 0.00 | 0.00 | 0.57 | 0.00 | 0.00 |
| PCBs | 1,349.84 | 468.47 | 7,692.43 | 68.01 | 152.95 | 368.31 |
| FCBs | 0.00 | 0.00 | 96.36 | 0.00 | 0.00 | 0.00 |
| Banks' Total | 1,410.84 | 541.24 | 7,841.76 | 70.48 | 276.48 | 368.31 |
| FIs | 6.57 | 0.00 | 1,012.78 | 65.60 | 571.79 | 449.73 |
| Grand Total | 1,417.41 | 541.24 | 8,854.54 | 136.08 | 848.27 | 818.04 |

Table-4.5: Target Attainment by Banks and FIs

| Type of Bank/FI | Green Finance as % of Total Term Loan Disbursement | Sustainable Finance as % of Total Loan Disbursement |
|---------------------|----------------------------------------------------|-----------------------------------------------------|
| SOCBs | 0.49% | 5.10% |
| SDBs | 0.01% | 50.56% |
| PCBs | 4.06% | 9.57% |
| FCBs | 0.44% | 9.63% |
| Banks' Total | 3.10% | 9.85% |
| FIs | 8.79% | 14.76% |
| Grand Total | 3.55% | 9.96% |

4.4 Compliance Overview of ESRM Framework:

45 banks out of 61 and 13 FIs out of 34 have conducted environmental risk rating in the reporting quarter.

Table-4.6: Environmental & Social Risk Rating

| Type of Bank/FI | No. of Projects Rated | No. of Rated Projects Financed | Amount disbursed in Rated projects (in million BDT) |
|-----------------|-----------------------|--------------------------------|-----------------------------------------------------|
| SOCBs | 2,956 | 2,536 | 5,216.51 |
| SDBs | 0 | 0 | 0.00 |
| PCBs | 30,161 | 23,398 | 880,585.05 |
| FCBs | 396 | 257 | 38,560.14 |
| Banks' Total | 33,513 | 26,191 | 924,361.70 |
| FIs | 1,539 | 1,522 | 25,380.72 |
| Grand Total | 35,052 | 27,713 | 949,742.43 |

4.5 In-house Environment Management:

| Type of Bank/FI | No. of Branches | No. of Branches Powered by Solar Energy | Number of Branches with Rainwater Harvesting | Number of Branches with Solid Waste Management System | No. of ATM Booths | No. of ATM Booths powered by Solar Energy |
|-----------------|-----------------|-----------------------------------------|----------------------------------------------|-------------------------------------------------------|-------------------|-------------------------------------------|
| SOCBs | 3,813 | 83 | 0 | 0 | 370 | 4 |
| SDBs | 1,512 | 0 | 0 | 0 | 7 | 0 |
| PCBs | 5,608 | 612 | 3 | 16 | 9,586 | 206 |
| FCBs | 71 | 7 | 1 | 7 | 48 | 4 |
| Bank's Total | 11,022 | 702 | 4 | 23 | 10,181 | 214 |
| FIs | 277 | 4 | 2 | 2 | - | - |
| Grand Total | 11,299 | 706 | 6 | 25 | 10,171 | 214 |

| Type of Bank/FI | Number of Agent Outlets | Number of Solar Powered Agent Outlets | Number of Accounts using Internet Banking | Number of Accounts using Smart-Phone App-based Banking | Number of Online Branches | Total number of MFS Accounts |
|-----------------|-------------------------|---------------------------------------|-------------------------------------------|--------------------------------------------------------|---------------------------|------------------------------|
| SOCBs | 402 | 0 | 0 | 182335 | 3813 | 0 |
| SDBs | 0 | 0 | 4058005 | 0 | 1421 | 0 |
| PCBs | 21,731 | 27 | 3133814 | 13751748 | 5575 | 100901299 |
| FCBs | 0 | 0 | 277651 | 150104 | 71 | 0 |
| Bank's Total | 22,133 | 27 | 7,469,470 | 14,237,184 | 10,898 | 100,901,299 |
| FIs | - | - | 0 | 0 | 64 | 10 |
| Grand Total | 22,133 | 27 | 7,469,470 | 14,237,184 | 10,962 | 100,901,309 |

4.6 Green Investment

There is no investment in Green Bond, Green SUKUK or Impact Fund by Banks & FIs in the said period.

4.7 Training, Awareness and Capacity Building:

33 Banks and 5 FIs have arranged training & awareness programs concerning Sustainable Financing activities. A snapshot on training in January-March, 2022 period is given below:

| Type of Bank/FI | No. of Programs Organised | No. of Employees Trained | No. of Customers Trained |
|---------------------|---------------------------|--------------------------|--------------------------|
| SOCBs | 8 | 144 | 0 |
| SDBs | 2 | 80 | 0 |
| PCBs | 107 | 2980 | 80 |
| FCBs | 27 | 96 | 0 |
| Bank's Total | 144 | 3,300 | 80 |
| FIs | 15 | 216 | 2 |
| Grand Total | 159 | 3516 | 82 |

5. Review on Refinancing Schemes of BB for Green Finance

| Funding scheme of BB | Amount | Number of Project |
|---------------------------------------------------------------------------------------------------------------------------------------------|--------|-------------------|
| Disbursement from Refinance Scheme for Environment Friendly Products/Initiatives (in million BDT) | 99.90 | 6 |
| Disbursement from Refinance Scheme for Islamic Banks & Financial Institutions for Investment in Green Products/Initiatives (In million BDT) | - | - |
| Disbursement from Green Transformation Fund (GTF) (In million USD) | 5.01 | 6 |
| Disbursement from Green Transformation Fund (GTF) (In million Euro) | 6.79 | 3 |
| Disbursement from Technology Development/Up-gradation Fund (TDF) (In million BDT) | 91.18 | 1 |

5.1 Refinance Scheme for Environment Friendly Products/Initiatives:

To broaden the financing avenue for green products like solar energy, bio-gas plant and effluent treatment plant etc., BB established a revolving refinance scheme amounting to BDT 2 billion (200 crore) from its own fund for solar energy, Bio-gas and Effluent Treatment Plant (ETP) in 2009. The size of the fund has been increased from BDT 2 billion to BDT 4 billion in view of the growing demand for financing of environment friendly products/initiatives². The product line has been enhanced to 55 under 09 categories. Since inception, total amount of Tk. 6,215.92 million has been disbursed as refinance facility from the fund till 31 March, 2022. The disbursement scenario of this scheme during January-March, 2022 quarter is furnished below:

² SFD Circular 02/2020

Table-5.2: Sub-category/ Product wise Disbursement

| SL. No | Sub-category/ Product | BDT in million |
|---------------------------|-------------------------------------------------------------------------------------|----------------|
| 1 | Installation of Energy Auditor Certified machineries including boiler in industries | 34.50 |
| 2 | Environment Friendly/Brick Kiln Efficiency improvement Project | 55.00 |
| 3 | Production of Vermicompost | 0.19 |
| 4 | Integrated Cow Rearing and Setting up of Bio-gas Plant | 0.45 |
| 5 | Net Metering Rooftop Solar System | 9.00 |
| 6 | Solar Home System | 0.76 |
| Total Disbursement | | 99.90 |

5.2 Refinance Scheme for Islamic Banks & Financial Institutions for Investment in Green Products/Initiatives:

Bangladesh Bank has introduced refinance scheme funded by excess liquidity of shariah based financial institutions to facilitate the shariah based banks and FIs in 2014³. In 2018 Bangladesh Bank has issued an integrated and comprehensive “master circular”⁴ by revising and incorporating all the existing circular and circular letters related to this refinance scheme. BB has enhanced the product range under this scheme to 51 and segregated these products into 08 categories.

5.3 Green Transformation Fund (GTF):

In January 2016, a longer-term refinancing window named Green Transformation Fund (GTF) of 200 million USD was launched to ensure sustainable growth in export oriented textile and leather sectors conducive to transformation of green economy in the country⁵. To further fortify the financing arrangement under GTF, it was decided to provision for a Participation Agreement to be signed between Bangladesh Bank and intended banks. To widen the scope of this fund, it has been opened for all manufacturer-exporters irrespective of sectors against import of capital machinery and accessories for implementing specified green/environment-friendly initiatives since September, 2019⁶. Recently, 200 million Euros has been added to the fund⁷. This Euro component of GTF can be used to import not only green machineries but also industrial raw materials (only Buyer’s Credit) used in all manufacturing enterprises including both export oriented and deem exporters. Under the

³ GBCSRD circular no. 06 /2014

⁴ SFD Circular No.02/2018

⁵ FE Circular No. 02/2016

⁶ FE Circular Letter No. 14/2019

⁷ FE Circular No. 20/2020

GTF in USD and Euro Component, consecutively 30 banks and 26 banks have signed participation agreement with BB. The disbursement from this Fund is 135.78 million USD & 51.12 million Euro till 31 March 2022. In January-March, 2022 quarter disbursement from this fund is 5.01 million USD & 6.79 million Euro.

5.4 Technology Development/Up-gradation Fund

Refinance Fund for Technology Development/Up-gradation of BDT 10 (Ten) billion offers refinance facility for the modernization and technological development/up-gradation of export oriented industries in Bangladesh⁸. So far 32 industrial sectors mentioned in Export Policy 2018-2021 under 11 initiatives/categories are included in the fund. The fund has been circulated for banks and FIs through the SFD Circular No-02 dated 17 January 2021. Total BDT 91.18 million has been disbursed from the fund till 31 March 2022.

6. Concluding Remarks:

Shaping a secure and sustainable finance future for all is essential for national level coordination, as well as international cooperation and international coordination. Recognizing this reality, BB has gone to a paradigm shift by introducing Sustainable Finance Policy for Banks & NBFIs. During the quarter under consideration, after introducing the policy, country has been severely affected by the COVID-19 scenario. Despite of this adverse situation, followings are the outcome:

- During the said quarter few banks have surpassed the target of green finance (5%) compared to the total term loan disbursement. Islami Bank Bangladesh Ltd, Pubali Bank Ltd, Shahajalal Islami Bank Ltd, One Bank Ltd, United Commercial Bank Ltd, Global Islami Bank Ltd, Mutual Trust Bank Ltd, Eastern Bank Ltd, Jamuna Bank Ltd, Bank Asia Ltd and Basic Bank Ltd belong to that league. NBFIs like, Bangladesh Infrastructure Finance Fund Ltd, IDCOL, CVC Finance Ltd, Islamic Finance and Investment Ltd, Bangladesh Finance and Investment Ltd, IDLC Finance Limited and Agrani SME Financing Company Ltd have done a decent job.
- Simultaneously, in January-March, 2022 quarter very few banks have been able to stand up against their yearly target (20%) of sustainable finance compared to the total loan disbursement. Among the banks, Bangladesh Krishi Bank, Rajshahi Krishi Unnayan Bank, National Bank Ltd, Mutual Trust Bank Ltd, State Bank of India, Eastern Bank Ltd, BRAC Bank Ltd have performed well. Among the NBFIs, performance of Bangladesh Infrastructure Finance Fund Ltd, Industrial and Infrastructure Development Finance Company Ltd, Bay

⁸ SFD Circular No 02/2021

Leasing & Investment Ltd, Agrani SME Financing Company Ltd, Hajj Finance Company Ltd, Lankan Alliance Finance Ltd, IDCOL were significant.

BB is pursuing to boost up the whole scenario by taking appropriate policy initiatives. Refinance support from BB is also playing an important role to incentivize the green banking activities. As the outcome of these initiatives, it is expected that positive impact will be evidenced in the trend of sustainable finance by banks and FIs in gradual manner. Sustainable Finance Department, BB also anticipates robust, effective and coherent efforts from banks and FIs in the field of sustainable finance.

Preserve nature & reduce pollution



for the sustainability of human race.....