



**Sustainable Finance Department  
Bangladesh Bank  
Head Office**

## **Quarterly Review Report on Sustainable Finance of Banks & Finance Companies**



**October-December, 2024**

## Executive Summary

The concern for environmental sustainability and inclusive growth has gained widespread recognition, elevating the importance of corporate social responsibility (CSR) and inclusive finance. In an emerging economy like Bangladesh, environmental management should be a key focus area for the business community, particularly the banking industry, which serves as a major intermediary. Addressing the environmental and social risks associated with financing activities is essential for overall credit rating and credit approval. Following disbursement, stricter monitoring is necessary. Additionally, the Bangladesh Bank has incorporated socially responsible initiatives alongside the core activities of banks and financial institutions, driving towards sustainable finance strategies.

Green and sustainable interventions and frameworks are essential for making future development more sustainable. Developing sustainable frameworks aligns with the broader sustainable development agenda of a country like Bangladesh. Banks and finance companies play a unique role in the economic system as they can influence production, business, and other economic activities through their financing, and thus also have an impact on environmental risk management and sustainable growth. These institutions have the potential to significantly accelerate the movement towards a cleaner world. For instance, they can implement 'go-green' policies within their own operations and encourage client firms to adopt clean technologies. In the long run, this strategy is anticipated to benefit firms by reducing costs and facilitating access to new markets. To further their interests, all financial institutions should monitor 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 & FCs. This report provides information on all policy initiatives and operational approaches related to sustainable finance undertaken by BB, as well as the sustainable finance activities of Banks & Finance Companies from October 1 to December 31, 2024. It also includes green finance/investment by 61 scheduled banks and 34 finance companies under the refinance scheme.

### Green Finance by Banks (Period: October-December, 2024)

7620.20 crore BDT

### Green Finance by Finance Companies (Period: October-December, 2024)

1025.50 crore BDT

### Sustainable Finance by Banks (Period: October-December, 2024)

144992.16 crore BDT

### Sustainable Finance by Finance Companies (Period: October-December, 2024)

3123.06 crore BDT

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## 1. Introduction

Sustainability has become a key consideration in the financial sector. Due to its geographic location, Bangladesh is highly vulnerable to climate change. Recognizing that the financial sector can play a crucial role in accelerating the adoption of environmentally friendly practices in the real economy, Bangladesh Bank (BB) has become a pioneer in green banking initiatives. Since 2011, BB has been proactively guiding banks and Non-Bank Financial Institutions (NBFIs) in this regard. In this context, BB's Sustainable Finance initiatives can be broadly categorized into several aspects: policy initiatives, monitoring of Sustainable Finance activities by banks and finance companies, refinance support from BB for various green products and sectors, and BB's own environmental management initiatives. The introduction of the Sustainable Finance Policy has provided banks and finance companies with an opportunity to contribute to inclusive sustainable green growth. This includes green finance, sustainable agriculture, sustainable CMSME (small and medium-sized enterprises), socially responsible financing, and other activities linked to sustainability. Sustainable Finance refers to business conducted in such areas and in such a manner that contributes to the reduction of both external carbon emissions and the internal carbon footprint.

The banking sector plays a key role in financing industrial projects such as steel, paper, cement, chemicals, fertilizers, power, and textiles, which contribute significantly to carbon emissions. Therefore, the banking sector can act as an intermediary between economic and social development and environmental protection, by promoting environmentally sustainable and socially responsible investment.

The Quarterly Review Report on Sustainable Finance has been introduced to cover not only green banking activities but also all components under the Sustainable Finance Taxonomy. This report reflects an assessment of the efforts made by banks and finance companies in addressing People, Planet, and Profit.

## 2. Policy Chronology and Refinancing Initiatives of BB

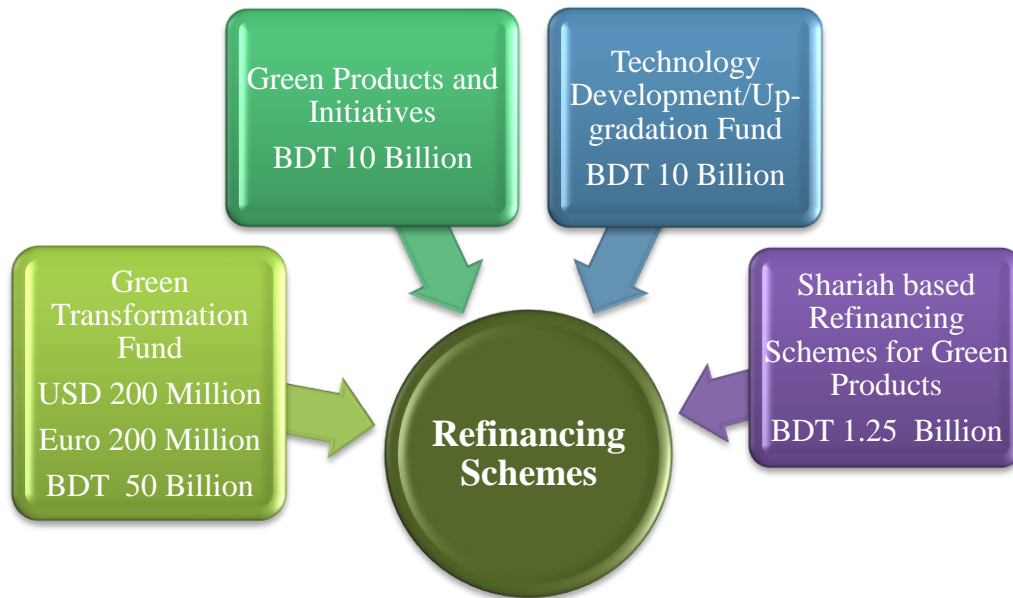
### 2.1 Policy Chronology:

Circular/Circular Letter No.	Date	Particulars
<b>BRPD Circular No.01/2011</b>	30.01.2011	Environmental Risk Management (ERM) Guidelines for Banks and Financial Institutions has been issued.
<b>BRPD Circular No. 02/2011</b>	27.02.2011	Green Banking Policy Guidelines for Banks has been issued.
<b>GBCSRD Circular No. 04/2013 &amp; Letter No. 05/2013</b>	11.08.2013 & 11.09.2013	Policy Guidelines for Green Banking was also issued for the Financial Institutions (FIs) and for the banks scheduled in 2013.
<b>GBCSRD Circular No. 04/2014</b>	04.09.2014	From January 2016 onwards minimum target of direct green finance was set at 5% of the total funded loan disbursement/investment for all banks and FIs.
<b>GBCSRD Circular No. 04/2015</b>	09.07.2015	Banks and FIs were instructed to form a 'Climate Risk Fund' having allocation at least 10% of their Corporate Social Responsibility budget.
<b>FEPD Circular No. 02/2016</b>	14.01.2016	Green Transformation Fund for export oriented textile & textile products and leather manufacturing industries.
<b>SFD Circular No. 01/2016</b>	11.05.2016	Banks & FIs have been instructed to set up Solid Waste Management System, Rainwater Harvesting and Solar Power Panel in their newly constructed or arranged building infrastructure.
<b>SFD Circular No. 02/2016</b>	04.12.2016	All banks and FIs to establish Sustainable Finance Unit and Sustainable Finance Committee by abolishing both Green Banking and CSR units.
<b>SFD Circular No. 03/2016</b>	08.12.2016	All the banks & FIs must ensure the establishment and activeness of Effluent Treatment Plant (ETP) during financing to all possible clients.
<b>SFD Circular No. 02/2017</b>	08.02.2017	Guidelines on Environmental and Social Risk Management (ESRM) for Banks and Financial Institutions along with an Excel-based Risk Rating Model have been issued.
<b>SFD Circular No. 04/2017</b>	06.09.2017	A comprehensive list of product/initiatives of Green Finance for banks and FIs has been circulated.
<b>SFD Circular No. 02/2018</b>	05.04.2018	Master Circular for Islamic Refinance Scheme.
<b>SFD Circular No. 01/2019</b>	04.04.2019	Accreditation of all the scheduled banks & FIs' investment in impact fund as Green Finance.
<b>FEPD Circular No. 20/2020</b>	15.04.2020	Introduction of Euro in Green Transformation Fund.



Circular/Circular Letter No.	Date	Particulars
<b>SFD Circular No. 03</b>	08.07.2020	Refinancing/on lending scheme of USD 200 million and Euro 200 million under Green Transformation Fund
<b>SFD Circular No. 04</b>	28.07.2020	Guidance Note for on-lending/refinancing under Green Transformation Fund (GTF).
<b>SFD Circular No. 05</b>	31.12.2020	Sustainable Finance Policy for Banks and Financial Institutions.
<b>SFD Circular No. 06</b>	31.12.2020	Sustainability Rating for Banks and Financial Institutions.
<b>SFD Circular No. 02</b>	17.01.2021	Refinance Fund for Technology Development/Up-gradation of Export Oriented Industries.
<b>SFD Circular No. 01</b>	09.01.2022	Policy Guidelines on Corporate Social Responsibility for Banks and Financial Institutions.
<b>SFD Circular No. 03</b>	26.06.2022	Guidelines on Environmental & Social Risk Management (ESRM) for Banks and Financial Institutions in Bangladesh.
<b>SFD Circular No. 04</b>	24.07.2022	Refinance Scheme for Environment Friendly Products/Projects/Initiatives
<b>SFD Circular Letter No.02</b>	18.09.2022	Regarding Dedicated Sustainable Finance Help Desk
<b>SFD Circular No. 05</b>	20.09.2022	Policy on Green Bond Financing for Banks and FIs
<b>SFD Circular No. 07</b>	07.12.2022	Green Transformation Fund (GTF) in Taka for export and manufacturing-oriented industries.
<b>SFD Circular No. 01</b>	23.03.2023	Showing the expenditure related to promote use of Bangla-QR as CSR
<b>SFD Circular Letter No. 01</b>	08.06.2023	Refinance Fund for Technology Development/Up-gradation of Export Oriented Industries.
<b>SFD Circular No. 02</b>	30.08.2023	Refinance Scheme for Environment Friendly Products/Projects/Initiatives
<b>SFD Circular No. 03</b>	22.10.2023	Sustainable Finance Policy
<b>SFD Circular No. 04</b>	22.10.2023	Sustainability Rating of Banks and Financial Institutions
<b>SFD Circular No. 05</b>	23.11.2023	Formation, Management Procedure of Climate Risk Fund and Reporting of Half Yearly CSR Activities.
<b>SFD Circular Letter No. 02</b>	28.11.2023	Sustainable Finance Reporting Format
<b>SFD Circular No. 06</b>	26.12.2023	Guideline on Sustainability and Climate-related Financial Disclosure
<b>SFD Circular Letter No. 01</b>	09.05.2024	Sustainability Rating of Banks and Finance Companies
<b>SFD Circular No. 02</b>	06.11.2024	Green Finance and Sustainable Finance Target and Achievement

## 2.2 Refinancing Initiatives of BB:



## 3. At a Glance Sustainable Finance (Period: October-December, 2024)

### 3.1 Sustainable Finance:

#### A. Highlights:

Issue	Banks	Finance Companies	Total
Green Finance (in crore BDT)	7,620.20	1,025.50	8,645.70
Green Finance as % of Total Term Loan Disbursement	9.32%	24.50%	10.06%
Sustainable Linked Finance (in crore BDT)	137,371.96	2,097.56	139,469.52
Sustainable Finance (in crore BDT)	144,992.16	3,123.06	148,115.22
Sustainable Finance as % of Total Loan Disbursement	41.54%	20.47%	40.66%

#### B. Sector-wise Sustainable Finance:

Sustainable Finance by Banks & Finance Companies (Amount in crore BDT)						
Issue	Sustainable Linked Finance (SLF)				Green Finance	Sustainable Finance
	Sustainable Agriculture	Sustainable MSME	Sustainable Linked Socially Responsible Financing	Other Sustainable Linked Finance		
	1				2	1+2
Banks	8,640.07	23,855.33	7,949.53	96,927.03	7,620.20	144,992.16
Finance Companies	91.20	784.60	268.26	953.50	1,025.50	31,23.06
<b>Total</b>	<b>8,731.27</b>	<b>24,639.93</b>	<b>8,217.79</b>	<b>97,880.53</b>	<b>8,645.70</b>	<b>148,115.22</b>

### 3.2 Number of Borrowers in Sustainable Finance:

#### A. Sector-wise:

Number of Borrowers in Sustainable Finance by Banks & Finance Companies						
Issue	Sustainable Linked Finance (SLF)				Green Finance	Sustainable Finance
	Sustainable Agriculture	Sustainable CMSME	Sustainable Linked Socially Responsible Financing	Other Sustainable Linked Finance		
	1				2	1+2
Banks	662,299	90,163	474,184	71,217	803,040	2,100,903
Finance Companies	394	1,202	9,485	256	980	12,317
<b>Total</b>	<b>662,693</b>	<b>91,365</b>	<b>483,669</b>	<b>71,473</b>	<b>804,020</b>	<b>2,113,220</b>

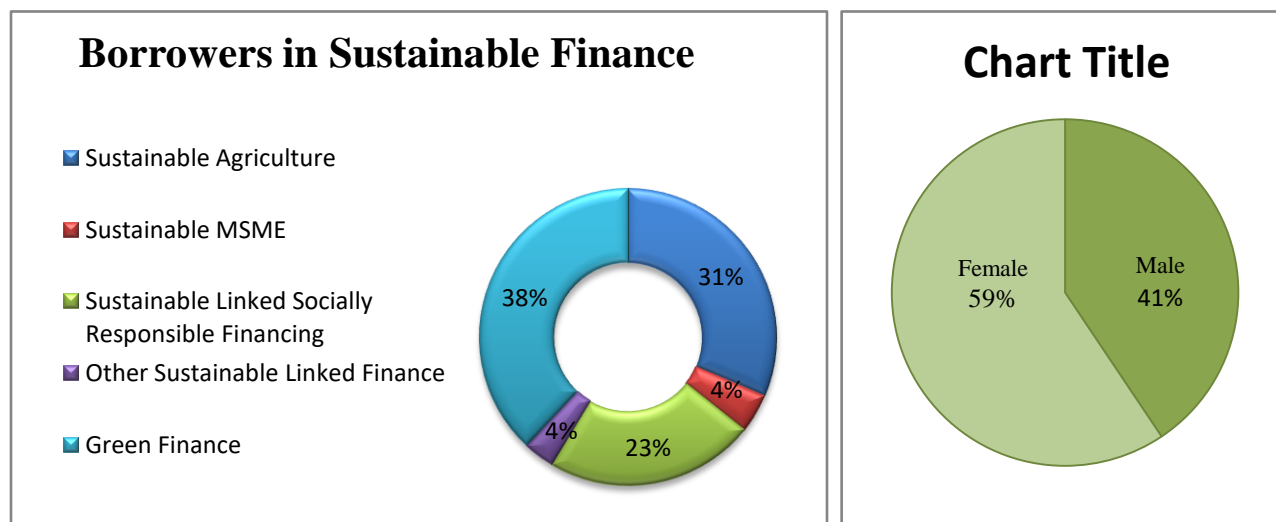
#### B. Gender-wise:

Number of Borrowers in Sustainable Finance	Male	Female	Total
Banks	8,54,887	1,246,016	2,100,903
Finance Companies	3,047	9,270	12,317
<b>Total</b>	<b>8,57,934</b>	<b>1,255,286</b>	<b>2,113,220</b>

#### C. Rural-Urban wise:

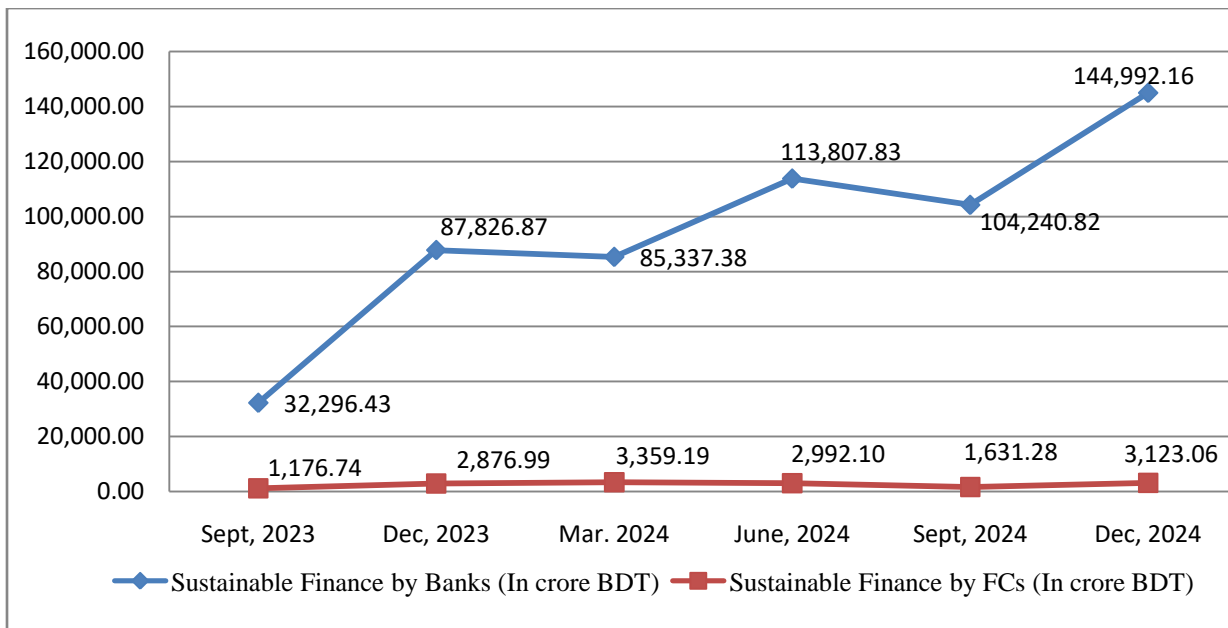
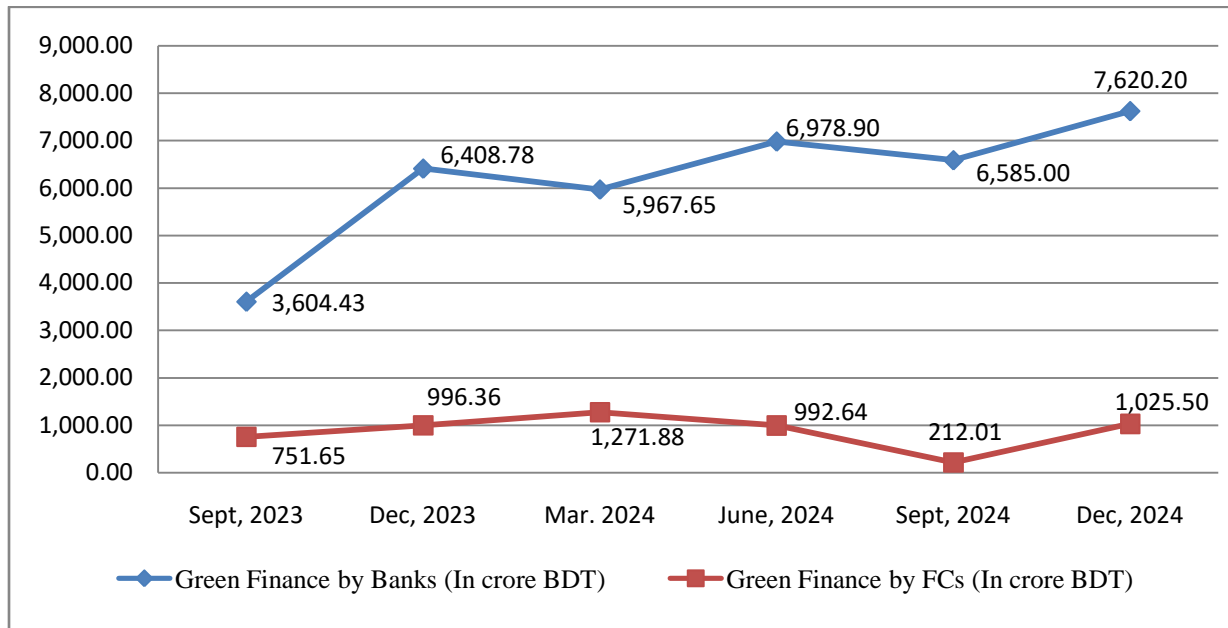
Number of Borrowers in Sustainable Finance	Rural	Urban	Total
Banks	1,321,536	779,367	2,100,903
Finance Companies	1,656	10,661	12,317
<b>Total</b>	<b>1,323,192</b>	<b>790,028</b>	<b>2,113,220</b>

#### D. Graphical Representation of Borrowers in Sustainable Finance as percentage





### E. Quarterly Trend of Green Finance & Sustainable Finance



In October-December, 2024 period Banks and Finance Companies total contribution of Green Finance is 8,645.70 crore BDT, showing an increase of 1,848.69 crore BDT compared to July-September, 2024 period. In October-December, 2024 period Banks and Finance Companies total contribution of Sustainable Finance is 148,115.22 crore BDT, reflecting a rise of 42,243.12 crore BDT from the previous quarter.

**F. Year Wise Performance of Green Finance & Sustainable Finance:**

<b>Issue</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Green Finance (in crore BDT)	11,929.93	7,232.85	12,226.46	19,304.31	30,653.78
Green Finance as % of Total Term Loan Disbursement	3.96%	3.06%	4.97%	7.25%	13.29%
Sustainable Linked Finance(in crore BDT)	-	75,318.82	118,535.77	178,064.83	428,830.04
Sustainable Finance (in crore BDT)	-	82,551.67	130,762.23	197,369.14	459,483.82
Sustainable Finance as % of Total Loan Disbursement	-	8.04%	11.59%	17.23%	39.66%

**3.3 Utilization of Climate Risk Fund:**

Total utilization of Climate Risk Fund in the review quarter is 8.21 crore BDT.

<b>Climate Risk Fund</b>	<b>Number</b>			<b>Amount</b>		
<b>Issue</b>	<b>Banks</b>	<b>FCs</b>	<b>Total</b>	<b>Banks</b>	<b>FCs</b>	<b>Total</b>
Events	316	0	316	1.56	0.00	1.56
Projects	19	4	23	6.46	0.19	6.65
Concessional Loan	0	0	0	0	0	0

**3.4 Environmental & Social Risk Management:**

<b>ESRM related information</b>			
<b>Issue</b>	<b>Banks</b>	<b>FCs</b>	<b>Total</b>
Number of Projects Rated	185,479	4,530	190,009
Number of Rated Projects Financed	148,409	4,490	152,899
Amount of Rated Projects Financed (in crore BDT)	166,024.70	4,057.96	170,082.66

## 4. Review on Sustainable Finance Activities of Banks and Financial Companies

### 4.1 Policy Formulation and Governance:

All scheduled banks and Finance Companies have established their own Sustainable Finance Unit. Bangladesh Bank has introduced Sustainable Finance Policy in December, 2020. In order to promote more inclusive and equitable approach to economic and environmental development as well as to ensure gender equality, Intended Nationally Determined Contributions (INDCs), MCPP 2022-2041, Bangladesh Delta Plan 2100, National Adaptation Plan etc. the policy has been updated in 2023 vide circular 03/2023. As per the above-stated policy all the Banks and Finance Companies have to prepare their own Sustainable Finance Policy.

### 4.2 Overview of Sustainable Finance:

56 Banks out of 61 and 14 Finance Companies out of 34 have had exposure in sustainable finance in the reporting quarter. The snapshot of Sustainable Finance by banks and Finance Companies during October-December, 2024 quarter is shown in Table-4.1, 4.2 and 4.3:

<b>Table-4.1: Sustainable Finance (Period: October-December, 2024)</b>						(In crore BDT)
Type of Bank/FC	Total Loan Disbursed	Total Term Loan Disbursed	Green Finance		Sustainable Finance	
			Disbursed	Outstanding	Disbursed	Outstanding
SOCBs	64,367.00	5,983.24	78.02	6,284.85	1,169.98	24,712.94
SCBs	7,803.54	431.33	1.75	22.02	3,825.69	28,436.27
PCBs	190,428.23	60,619.60	5,875.67	111,380.00	104,282.33	437,135.70
FCBs	30,710.15	1,543.30	386.71	1,461.53	8,502.97	16,579.59
ISBs	55,728.60	13,203.65	1,278.05	18,686.29	27,211.20	98,102.88
<b>Total</b>	<b>349,037.52</b>	<b>81,781.12</b>	<b>7,620.20</b>	<b>137,834.69</b>	<b>144,992.17</b>	<b>604,967.38</b>
FCs	15,254.54	4,186.25	1,025.50	10,388.86	3,123.05	20,854.21
<b>Grand Total</b>	<b>364,292.06</b>	<b>85,967.37</b>	<b>8,645.70</b>	<b>148,223.55</b>	<b>148,115.22</b>	<b>625,821.59</b>

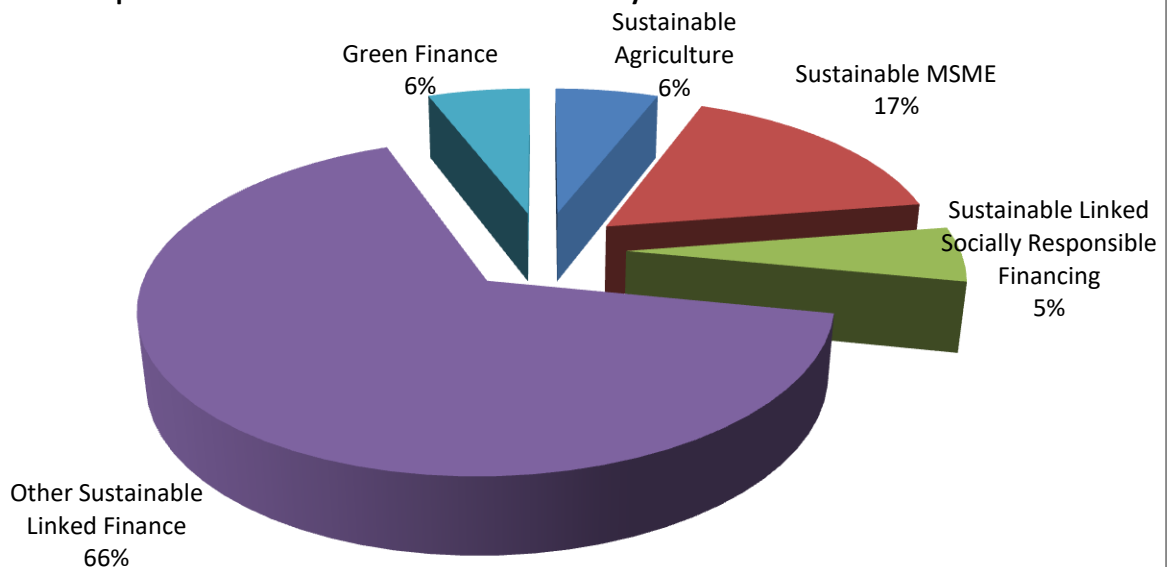
**Table-4.2: Recovery and Rescheduling of Sustainable Finance (Period: October-December, 2024)**

(In crore BDT)

Type of Bank/FC	Green Finance		Sustainable Finance	
	Recovery	Rescheduled	Recovery	Rescheduled
SOCBs	351.86	0.00	1,000.23	53.44
SCBs	0.42	0.00	3,526.79	0.00
PCBs	3770.25	649.96	52,141.40	4,453.94
FCBs	184.73	0.00	6,681.76	0.00
ISBs	1675.71	63.00	17,955.74	4,176.59
<b>Total</b>	<b>5982.97</b>	<b>712.96</b>	<b>81,305.92</b>	<b>8,683.97</b>
FCs	507.76	1.09	2,106.79	63.21
<b>Grand Total</b>	<b>6490.73</b>	<b>714.05</b>	<b>83,412.71</b>	<b>8,747.18</b>

**Table-4.3: Sustainable Finance (Period: October-December, 2024)** (In crore BDT)

Type of Bank/FC	Sustainable Linked Finance (SLF)				Green Finance	Sustainable Finance
	Sustainable Agriculture	Sustainable MSME	Sustainable Linked Socially Responsible Financing	Other Sustainable Linked Finance		
SOCBs	691.13	347.27	45.84	7.72	78.02	1,169.98
SCBs	3,823.94	0.00	0.00	0.00	1.75	3,825.68
PCBs	2,957.88	18,569.43	5,673.50	71,205.85	5,875.67	104,282.33
FCBs	80.43	134.72	1,907.21	5,993.90	386.71	8,502.97
ISBs	1086.69	4,803.91	322.98	19,719.56	1,278.05	27,211.20
<b>Total</b>	<b>8,640.07</b>	<b>23,855.33</b>	<b>7,949.53</b>	<b>96,927.03</b>	<b>7,620.20</b>	<b>144,992.16</b>
FCs	91.19	784.60	268.26	953.50	1,025.50	3,123.06
<b>Grand Total</b>	<b>8,731.26</b>	<b>24,639.93</b>	<b>8,217.79</b>	<b>97,880.53</b>	<b>8,645.70</b>	<b>148,115.22</b>

**Graphical Presentation of Sustainable Finance by Banks and FIs in different sectors**

### 4.3 Green Finance- Category wise:

43 Banks out of 61 and 8 Finance Companies out of 34 have had exposure in green finance in the reporting quarter. Total amount invested as green finance has been 7,620.20 crore BDT by banks and 1,025.50 crore BDT by Finance Companies in October-December, 2024 period. A brief picture of sector wise green finance by Banks and Finance Companies is shown in Table-4.4, 4.5 & 4.6:

<b>Table-4.4: Green Finance (in crore BDT)</b>							
Type of Bank/FC	Sectors of Green Finance						
	Renewable Energy	Energy & Resource Efficiency	Alternative Energy	Liquid Waste Management	Solid Waste Management	Circular Economy & Eco-Projects Financing	Environment Friendly Brick Production
SOCBs	0.66	0.90	0.00	14.65	0.00	0.50	1.45
SCBs	0.82	0.00	0.00	0.00	0.00	0.00	0.00
PCBs	298.65	1,884.88	7.15	55.37	2.26	391.01	1.20
FCBs	0.00	281.97	0.00	0.00	0.00	0.00	0.00
ISBs	2.24	808.41	0.00	12.45	0.00	72.02	92.54
<b>Total</b>	<b>302.37</b>	<b>2,976.16</b>	<b>7.15</b>	<b>82.47</b>	<b>2.26</b>	<b>463.53</b>	<b>95.19</b>
FCs	253.36	485.54	1.63	12.88	0.00	26.00	0.17
<b>Grand Total</b>	<b>555.73</b>	<b>3,461.70</b>	<b>8.78</b>	<b>95.35</b>	<b>2.26</b>	<b>489.53</b>	<b>95.36</b>

<b>Table-4.4: Green Finance (in crore BDT) - Table Continued</b>							
Type of Bank/FC	Sectors of Green Finance						
	Green/Environment Friendly Establishments	Green Agriculture	Green CMSME	Green Socially Responsible Financing	Blue Economy Financing	Information and Communication Technology	Miscellaneous
SOCBs	0.00	3.50	49.53	6.37	0.00	0.00	0.46
SCBs	0.00	0.90	0.02	0.00	0.00	0.00	0.00
PCBs	536.21	172.34	483.90	1,690.04	221.30	61.58	69.76
FCBs	0.00	0.00	38.44	61.41	0.00	4.89	0.00
ISBs	191.53	2.67	29.93	8.30	55.27	2.70	0.00
<b>Total</b>	<b>727.74</b>	<b>179.41</b>	<b>601.82</b>	<b>1,766.12</b>	<b>276.57</b>	<b>69.17</b>	<b>70.22</b>
FCs	160.02	12.55	6.85	59.91	0.00	6.58	0.00
<b>Grand Total</b>	<b>887.76</b>	<b>191.96</b>	<b>608.67</b>	<b>1,826.03</b>	<b>276.57</b>	<b>75.75</b>	<b>70.22</b>

**Table-4.5: Target achievement by Types of Banks and FCs (Jan-Dec, 2024)**

Type of Bank/FC	Green Finance as % of Total Term Loan Disbursement	Sustainable Finance as % of Total Loan Disbursement
SOCBs	3.37%	4.72%
SCBs	0.15%	34.82%
PCBs	14.40%	55.20%
FCBs	15.64%	20.66%
ISBs	11.57%	32.22%
Total	<b>12.53%</b>	<b>40.63%</b>
FCs	25.28%	20.18%
<b>Grand Total</b>	<b>13.29%</b>	<b>39.66%</b>

**Table-4.6: Sector wise Outstanding of Green Finance as of 31 December, 2024**

SI No.	Sector Name	Outstanding (In crore BDT)
1	Renewable Energy	4,925.92
2	Energy & Resource Efficiency	22,502.80
3	Alternative Energy	356.49
4	Liquid Waste Management	7,515.56
5	Solid Waste Management	43.96
6	Circular Economy & Eco-Projects Financing	42,954.15
7	Environment Friendly Brick Production	34,824.74
8	Green/Environment Friendly Establishments	17,752.51
9	Green Agriculture	1,039.16
10	Green CMSME	1,408.05
11	Green Socially Responsible Financing	10,343.29
12	Blue Economy Financing	1,349.84
13	Information and Communication Technology	1,265.48
14	Miscellaneous	1,941.62
	<b>Green Finance</b>	<b>148,223.55</b>

**Table-4.7: Sector wise Outstanding of Sustainable Finance as of 31 December, 2024**

SI No.	Sector Name	Outstanding (In crore BDT)
1	Sustainable Agriculture	58,693.82
2	Sustainable MSME	78,917.56
3	Sustainable Socially Responsible Financing	29,062.47
4	Other Sustainable Linked Finance	322,004.08
	<b>Sustainable Finance</b>	<b>625,821.59</b>



#### 4.4 Compliance Overview of ESRM Framework:

47 banks out of 61 and 15 Finance Companies out of 34 have conducted Environmental and Social Risk Rating in the reporting quarter.

<b>Table-4.8: Environmental &amp; Social Risk Rating</b>			
Type of Bank/FC	No. of Projects Rated	No. of Rated Projects Financed	Amount of Rated Projects Financed (in crore BDT)
SOCBs	22420	22183	525.08
SCBs	0	0	0.00
PCBs	106391	100998	121,127.79
FCBs	873	1026	15,115.07
ISBs	55795	24202	29,256.76
<b>Total</b>	<b>185479</b>	<b>148409</b>	<b>166,024.70</b>
FCs	4530	4490	4,057.96
<b>Grand Total</b>	<b>190009</b>	<b>152899</b>	<b>170,082.66</b>

#### 4.6 Green Investment:

There is no investment in Green Bond, Green SUKUK or Impact Fund by Banks & Finance Companies in the review period.

## 5. Review on Refinancing Schemes of BB for Green Finance:

**Table-5.1: At a glance Refinance Schemes of BB for Green Finance (Period: October-December, 2024)**

Refinance schemes of BB	Amount	Number of Project
Disbursement from Refinance Scheme for Environment Friendly Projects/Products/Initiatives (in crore BDT)	69.72	24
Disbursement from Refinance Scheme for Islamic Banks & Financial Institutions for Investment in Green Products/Initiatives (In crore BDT)	-	-
Disbursement from Green Transformation Fund (GTF) (In crore USD)	-	-
Disbursement from Green Transformation Fund (GTF) (In crore Euro)	-	-
Disbursement from Green Transformation Fund (GTF) (In crore BDT)	511.62	11
Disbursement from Technology Development/Up-gradation Fund (TDF) (In crore BDT)	32.05	5

### 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/initiatives<sup>1</sup>. The product line has been enhanced to 70 under 11 categories and the fund size has been further increased to BDT 10 billion in 2023. Since inception, total amount of BDT 1235.87 crore has been disbursed as refinance facility from the fund till 31 December, 2024. The disbursement scenario of this scheme during October-December, 2024 quarter is furnished below:

**Table-5.2: Sub-category/ Product wise Disbursement**

SL. No	Sub-category/ Product	BDT in crore
1	Establishment of Certified Green Building	32.75
2	Installation of Energy Auditor Certified machineries including boiler in industries	16.17
3	Medium size biogas plant varies between 6.0 to 25 cubic meter gas productions per day	0.03
4	Paper Recycling Plant	18.90
5	Production of Vermicompost	0.07
6	Safety and work environment of factory related projects	1.78
7	Solar Home System	0.02
	<b>Total</b>	<b>69.72</b>

<sup>1</sup> SFD Circular 02/2020

## **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 3 finance companies to facilitate the shariah based Banks and Finance Companies in 2014<sup>2</sup>. In 2018 Bangladesh Bank has issued an integrated and comprehensive “master circular”<sup>3</sup> 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 long-term refinancing scheme 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 country<sup>4</sup>. To widen the scope of this fund, it has been facilitated for all manufacturer-exporters irrespective of sectors against import of capital machinery and accessories for implementing specified green/environment-friendly initiatives since September, 2019<sup>5</sup>. Later, 200 million Euros has been added to the fund<sup>6</sup>. This Euro component of GTF can be used to import not only green machineries but also industrial raw materials used in all manufacturing enterprises including both export oriented and deem exporters. Under the GTF in USD and Euro Component, consecutively 30 banks and 26 banks have signed participation agreement with BB. The disbursement from this Fund is 140.94 million USD & 71.21 million euro till 30 September, 2023. In December, 2022 another 50 Billion refinance fund (in local currency) has been introduced to serve the same purpose<sup>7</sup>. The disbursement from this Fund is BDT 1682.28 crore to 55 clients of 19 banks till 31 December, 2024. In October-December, 2024 quarter BDT 511.62 crore has been disbursed to 11 clients of 9 banks from this local currency GTF fund.

## **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 Bangladesh<sup>8</sup>. So far 35 industrial sectors mentioned in Export Policy 2021-2024 under 11 initiatives/categories are included in the fund. The fund has been circulated for banks and Finance Companies through the SFD Circular No-02 dated 17 January 2021 and SFD Circular

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<sup>2</sup> GBCSR circular no. 06 /2014

<sup>3</sup> SFD Circular No.02/2018

<sup>4</sup> FE Circular No. 02/2016

<sup>5</sup> FE Circular Letter No. 14/2019

<sup>6</sup> FE Circular No. 20/2020

<sup>8</sup> SFD Circular No 02/2021

<sup>9</sup> SFD Circular No 07/2022

letter No-01 dated 08 June 2023. 29 Banks & 9 Finance Companies are covenanted with Sustainable Finance Department for this fund. The disbursement from this Fund is BDT 919.82 crore till 31 December, 2024. In October-December, 2024 quarter disbursement from this fund is BDT 32.05 crore in 5 projects.

## **6. Concluding Remarks:**

Shaping a secure and sustainable finance future for all is essential for national level coordination, as well as international cooperation and coordination. Recognizing this reality, BB has gone to a paradigm shift by introducing Sustainable Finance Policy for Banks & Finance Companies. During the quarter under consideration, after introducing the policy, followings are the outcome:

- During January-December 2024, 34 Banks and 08 Finance Companies have surpassed the target of green finance (5%) to the total term loan disbursement.
- Moreover, during the year 30 banks and 13 Finance Companies have been able to fulfill their target (20%) of sustainable finance to the total loan disbursement.

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 FCs in gradual manner. Sustainable Finance Department, BB also anticipates robust, effective and coherent efforts from banks and FCs in the field of sustainable finance.

***Preserve nature & reduce pollution***



***for the sustainability of human race.....***