



**Sustainable Finance Department
Bangladesh Bank
Head Office**

**Quarterly Review Report on Sustainable Finance
of
Banks & Financial Institutions**



October-December, 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 October 01 to 31 December, 2022 timeline. It also covers green finance/investment by 61 scheduled banks and 34 FIs under refinance scheme.

Green Finance by Banks (Period: Oct-Dec, 2022)

40,505.43 million BDT

Green Finance by FIs (Period: Oct-Dec, 2022)

6,274.66 million BDT

Sustainable Finance by Banks (Period: Oct-Dec, 2022)

399,879.62 million BDT

Sustainable Finance by FIs (Period: Oct-Dec, 2022)

11,163.20 million BDT

Table of Contents

SI No.	Topics	Page No.
1	Introduction	1
2	Policy Chronology and Refinancing Initiatives of BB	2-4
3	At a Glance Sustainable Finance (Period: October-December, 2022)	4-8
4	Review on Sustainable Finance Activities of Banks and Financial Institutions (FIs)	9-13
5	Review on Refinancing Schemes of BB for Green Finance	13-15
6	Concluding Remarks	15-16

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 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.

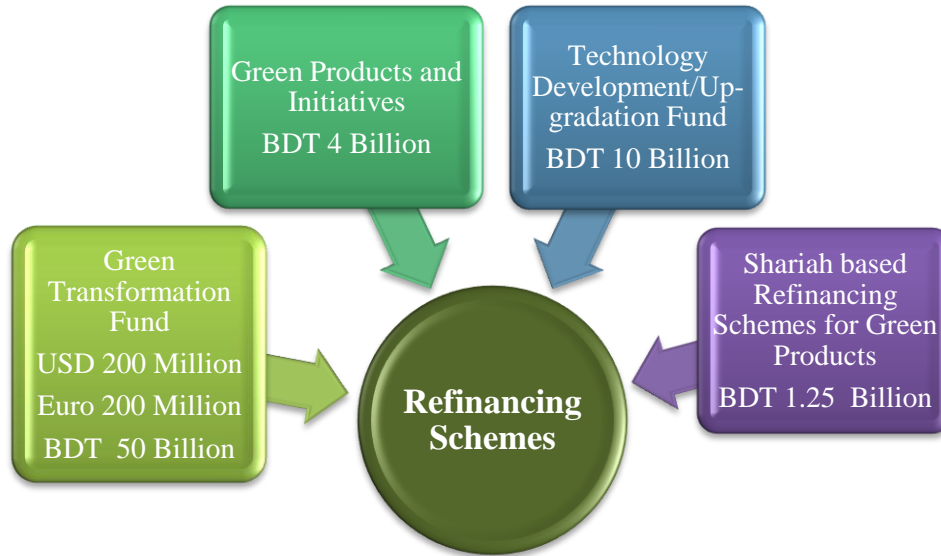
2. Policy Chronology and Refinancing Initiatives of BB

2.1 Policy Chronology:

Circular/Circular Letter No.	Date	Particulars
BRPD Circular No.01/2011	30.01.2011	Environmental Risk Management (ERM) Guidelines for Banks and Financial Institutions has been issued.
BRPD Circular No. 02/2011	27.02.2011	Green Banking Policy Guidelines for Banks has been issued.
GBCSRD Circular No. 04/2013 & Letter No. 05/2013	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.
GBCSRD Circular No. 04/2014	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.
GBCSRD Circular No. 04/2015	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.
FEPD Circular No. 02/2016	14.01.2016	Green Transformation Fund for export oriented textile & textile products and leather manufacturing industries.
SFD Circular No. 01/2016	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.
SFD Circular No. 02/2016	04.12.2016	All banks and FIs to establish Sustainable Finance Unit and Sustainable Finance Committee by abolishing both Green Banking and CSR units.
SFD Circular No. 03/2016	08.12.2016	All the banks & FIs must ensure the establishment and activeness of Effluent Treatment Plant (ETP) during financing to all possible clients.
SFD Circular No. 02/2017	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.
FEPD Circular No. 32/2017	17.08.2017	Green Transformation Fund for export oriented textile & textile products and leather manufacturing industries.
SFD Circular No. 04/2017	06.09.2017	A comprehensive list of product/initiatives of Green Finance for banks and FIs has been circulated.

Circular/Circular Letter No.	Date	Particulars
FEPD Circular No. 36/2017	09.10.2017	Inclusion of export oriented jute products manufacturing industry in Green Transformation Fund.
SFD Circular No. 02/2018	05.04.2018	Master Circular for Islamic Refinance Scheme.
SFD Circular No. 01/2019	04.04.2019	Accreditation of all the scheduled banks & FIs' investment in impact fund as Green Finance.
FEPD Circular No. 20/2020	15.04.2020	Introduction of Euro in Green Transformation Fund.
SFD Circular No. 02/2020	30.04.2020	Refinance Scheme for Environment Friendly Products / Initiatives / Projects.
SFD Circular No. 03	08.07.2020	Refinancing/on lending scheme of USD 200 million and Euro 200 million under Green Transformation Fund (GTF).
SFD Circular No. 04	28.07.2020	Guidance Note for on-lending/refinancing under Green Transformation Fund (GTF).
SFD Circular Letter No. 05/2020	09.09.2020	From September, 2020 onwards minimum target of green finance was set at 5% of the total funded term loan disbursement/investment for all banks and FIs.
SFD Circular No. 05	31.12.2020	Sustainable Finance Policy for Banks and Financial Institutions.
SFD Circular No. 06	31.12.2020	Sustainability Rating for Banks and Financial Institutions.
SFD Circular No. 01	11.01.2021	Target and Achievement of Sustainable Finance & Green Finance.
SFD Circular No. 02	17.01.2021	Refinance Fund for Technology Development/Up-gradation of Export Oriented Industries.
SFD Circular Letter No. 05	17.08.2021	About Sustainability Rating Methodology for Banks & FIs.
SFD Circular No. 01	09.01.2022	Policy Guidelines on Corporate Social Responsibility for Banks and Financial Institutions.
SFD Circular No. 03	26.06.2022	Guidelines on Environmental & Social Risk Management (ESRM) for Banks and Financial Institutions in Bangladesh.
SFD Circular No. 04	24.07.2022	Refinance Scheme for Environment Friendly Products/ Projects/Initiatives
SFD Circular Letter No.02	18.09.2022	Regarding Dedicated Sustainable Finance Help Desk
SFD Circular No. 05	20.09.2022	Policy on Green Bond Financing for Banks and FIs
SFD Circular No. 07	07.12.2022	Green Transformation Fund (GTF) in Taka for export and manufacturing-oriented industries.

2.2 Refinancing Initiatives of BB:



3. At a Glance Sustainable Finance (Period: October-December, 2022)

3.1 Sustainable Finance:

A. Highlights:

Issue	Banks	FIs	Total
Green Finance (in million BDT)	40,505.43	6,274.66	46,780.09
Green Finance as % of Total Term Loan Disbursement	6.50%	16.32%	7.07%
Sustainable Linked Finance (in million BDT)	359,374.19	4,888.54	364,262.73
Sustainable Finance (in million BDT)	399,879.62	11,163.20	411,042.82
Sustainable Finance as % of Total Loan Disbursement	12.75%	20.05%	12.88%

B. Sector-wise Sustainable Finance:

Issue	Sustainable Finance by Banks & FIs (in million BDT)						Green Finance	Sustainable Finance	
	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	108,766.05	55,837.81	76,936.36	83,486.15	34,347.81	40,505.43	399,879.62		
FIs	973.86	540.79	2,540.00	549.25	284.65	6,274.66	11,163.20		
Total	109,739.91	56,378.60	79,476.36	84,035.40	34,632.46	46,780.09	411,042.82		

3.2 Number of Borrowers in Sustainable Finance:

A. Sector-wise:

Number of 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	654,239	4,672	188,327	4,128	10,332	3,674	865,372
FIs	836	71	10,119	42	131	393	11,592
Total	655,075	4,743	198,446	4,170	10,463	4,067	876,964

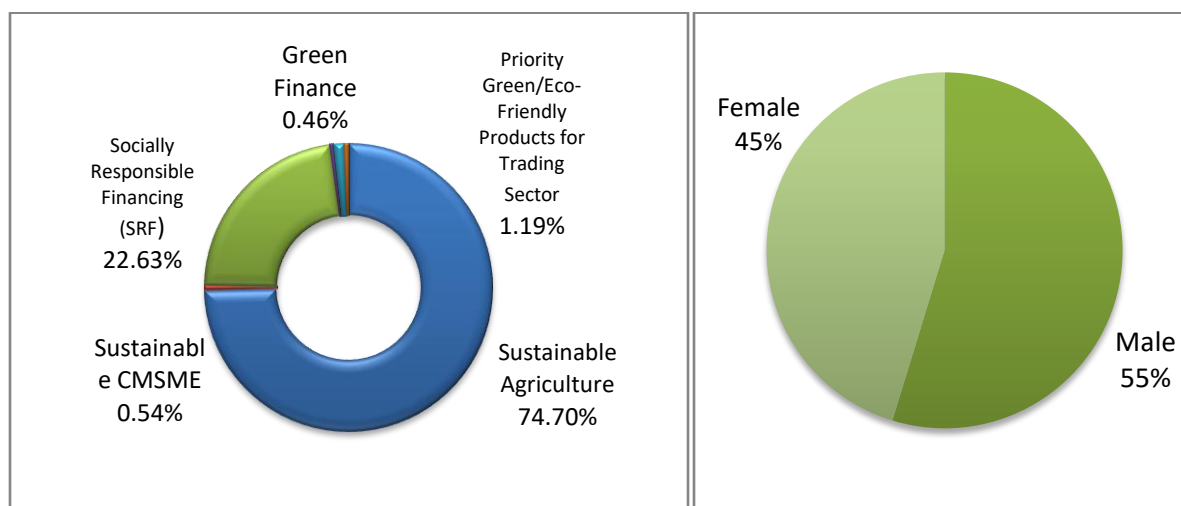
B. Gender-wise:

Number of Borrowers in Sustainable Finance	Male	Female	Third Gender	Total
Banks	478,236	387,136	0	865,372
FIs	1,701	9,691	0	11,392
Total	479,937	396,827	0	876,764

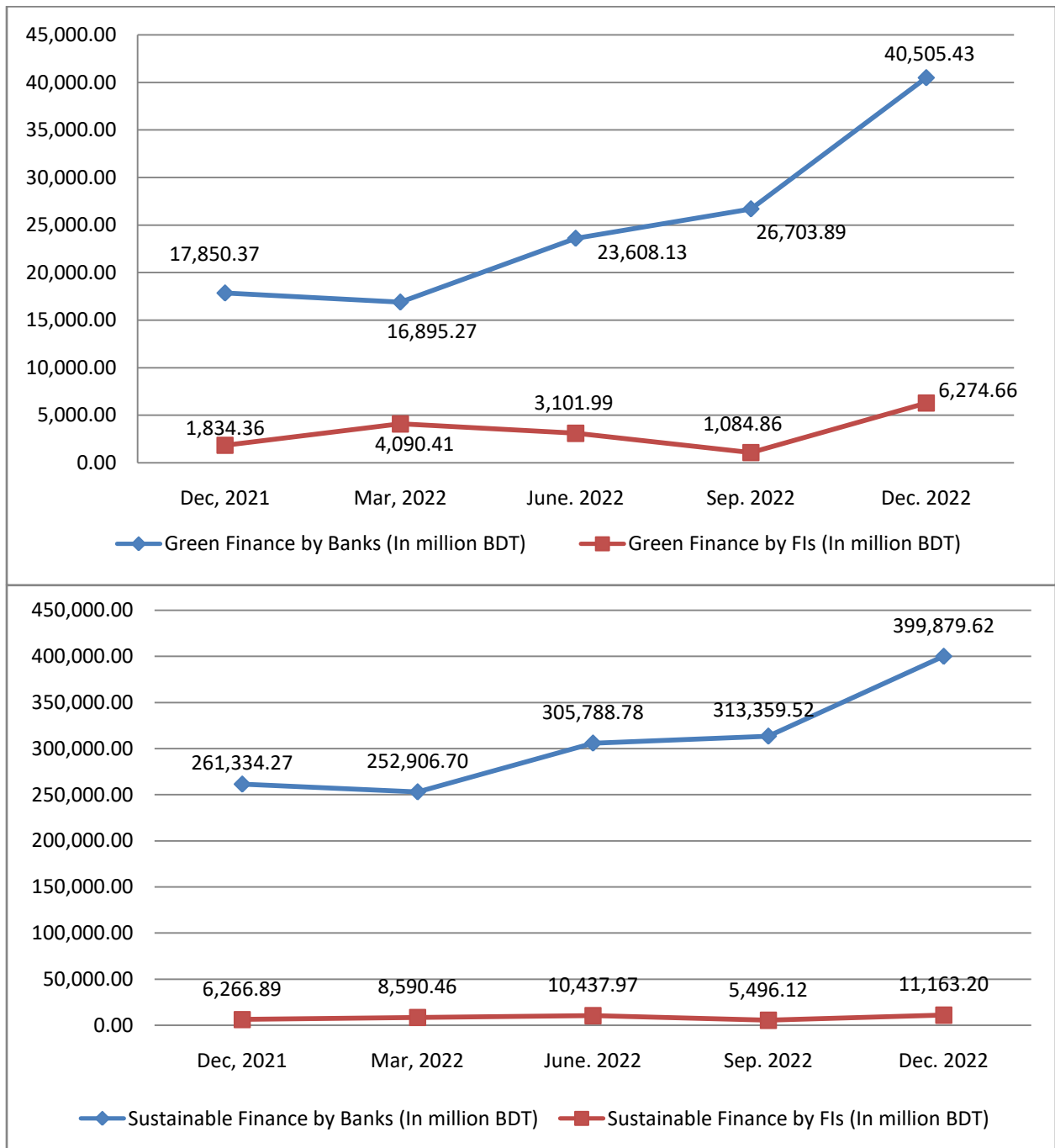
C. Rural-Urban wise:

Number of Borrowers in Sustainable Finance	Rural	Urban	Total
Banks	543,413	321,959	865,372
FIs	9,560	1,832	11,392
Total	552,973	323,791	876,764

D. Graphical Representation of Borrowers in Sustainable Finance as percentage



E. Quarterly Trend of Green Finance & Sustainable Finance



In October-December, 2022 period contribution to Green Finance is 46,780.09 million taka which is 18,991.34 million taka more than July-September, 2022 period. Similarly, in October-December, 2022 period contribution to Sustainable Finance is 411,042.82 million taka which is 92,187.18 million taka more than July-September, 2022 period.

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

Issue	2019	2020	2021	2022
Green Finance (in million BDT)	111,037.77	119,299.26	72,328.50	122,264.65
Green Finance as % of Total Term Loan Disbursement	1.22%	3.96%	3.06%	4.97%
Sustainable Linked Finance(in million BDT)	-	-	753,188.24	1,185,357.70
Sustainable Finance (in million BDT)	-	-	825,516.74	1,307,622.35
Sustainable Finance as % of Total Loan Disbursement	-	-	8.04%	11.59%

3.3 Utilization of Climate Risk Fund:

Total utilization of Climate Risk Fund in the review quarter is 366.83 million taka.

Climate Risk Fund Issue	Number			Amount		
	Banks	FIs	Total	Banks	FIs	Total
Events	56	0	56	174.24	0	174.24
Projects	24	2	26	11.17	57.80	68.97
Concessional Loan	29	77	106	19.70	103.92	123.62

3.4 Environmental & Social Risk Management:

Issue	Banks	FIs	Total
Number of Environmental Risk Rated Projects	45,914	4,182	50,096
Number of Environmental Risk Rated Projects Financed	38,202	4,406	42,608
Amount Disbursed Against Rated Projects (in million BDT)	1,137,018.54	32,869.39	1,169,887.93

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

Issue	Banks	FIs	Total
Number of Solar Powered Branches	706	6	712
Number of Branches with Rainwater Harvesting	4	2	6
Number of Branches with Solid Waste Management System	321	2	323
Number of Solar powered ATM Booths	71	-	71
Number of Solar Powered Agent Outlets	4	-	4
Online branches (as % of total branches)	98.19%	25.28%	96.52%

3.6 Leading Banks & FIs achievement in Sustainable Finance & Green Finance¹:

A. Sustainable Finance (Period: October-December, 2022)

Name of the Banks	Target Attainment	Name of the NBFIs	Target Attainment
State Bank of India	58.55%	Bangladesh Infrastructure Finance Fund Ltd (BIFFL)	100.00%
Bangladesh Krishi Bank	54.83%	Infrastructure Development Co. Ltd	100.00%
National Bank Ltd	50.44%	The UAE-Bangladesh Investment Co. Ltd	100.00%
Shahjalal Islami Bank Ltd	46.94%	Lankan Alliance Finance Ltd	90.09%
Rajshahi Krishi Unnayan Bank	31.26%	Meridian Finance and Investment Ltd	69.37%
United Commercial Bank Ltd	30.73%	Strategic Finance & Investments Ltd	59.52%
BRAC Bank Ltd	27.09%	Bangladesh Finance & Investment Limited	53.57%
Jamuna Bank Ltd	26.90%	CVC Finance Ltd	46.30%
Prime Bank Ltd	26.51%	Agrani SME Financing Company Ltd	40.05%
Eastern Bank Ltd	23.41%	Saudi-Bangladesh Industrial & Agricultural Investment Company Ltd (SABINCO)	29.51%
The City Bank Ltd	22.12%	United Finance Ltd	24.47%
Bank Asia Ltd	22.09%		
Mutual Trust Bank Ltd	20.29%		

B. Green Finance (Period: October-December, 2022)

Name of the Banks	Target Attainment	Name of the NBFIs	Target Attainment
State Bank of India	75.15%	Aviva Finance Ltd	100.00%
Jamuna Bank Ltd	52.01%	Bangladesh Infrastructure Finance Fund Ltd (BIFFL)	100.00%
United Commercial Bank Ltd	42.96%	Infrastructure Development Co. Ltd	100.00%
Shahjalal Islami Bank Ltd	36.62%	The UAE-Bangladesh Investment Co. Ltd	45.00%
Janata Bank Ltd	26.46%	Bangladesh Finance & Investment Limited	21.27%
EXIM Bank Ltd	25.72%	CVC Finance Ltd	17.38%
Islami Bank Bangladesh Ltd	15.20%	IDLC	10.26%
Global Islami Bank Ltd	14.79%	United Finance Ltd	7.35%
Prime Bank Ltd	14.13%	Agrani SME Financing Company Ltd	7.11%
Modhumoti Bank Ltd	12.82%		
Mutual Trust Bank Ltd	9.56%		
Bank Asia Ltd	7.41%		
The City Bank Ltd	7.20%		
Basic Bank Ltd	5.44%		
Trust Bank Ltd	5.19%		
IFIC Bank Ltd	5.15%		
Social Islami Bank Ltd	5.09%		
BRAC Bank Ltd	5.09%		
Agrani Bank Ltd	5.03%		

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.

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 prepare their own Sustainable Finance Policy mandatorily.

4.2 Overview of Sustainable Finance:

55 Banks out of 61 and 16 FIs out of 34 have had exposure in sustainable finance in the reporting quarter. The snapshot of Sustainable Finance by banks and FIs during October-December, 2022 quarter is shown in Table-4.1, 4.2 and 4.3.

Table-4.1: Sustainable Finance (Period: October-December, 2022)

(In million BDT)

Type of Bank/FI	Total Loan Disbursed	Total Term Loan Disbursed	Green Finance		Sustainable Finance	
			Disbursed	Outstanding	Disbursed	Outstanding
SOCBs	294,006.74	67,883.00	2,545.66	40,527.89	19,704.28	203,195.69
SDBs	63,909.13	3,317.97	6.68	163.34	29,460.72	242,027.88
PCBs	2,467,479.55	529,669.56	37,410.09	260,014.92	314,719.26	969,049.00
FCBs	310,519.90	22,285.24	543.01	2,963.69	35,995.35	51,413.98
Bank's Total	3,135,915.33	623,155.77	40,505.43	303,669.83	399,879.61	1,465,686.54
FIs	55,681.91	38,446.15	6,274.66	50,391.12	11,163.20	74,065.82
Grand Total	3,191,597.24	661,601.92	46,780.09	354,060.95	411,042.81	1,539,752.36

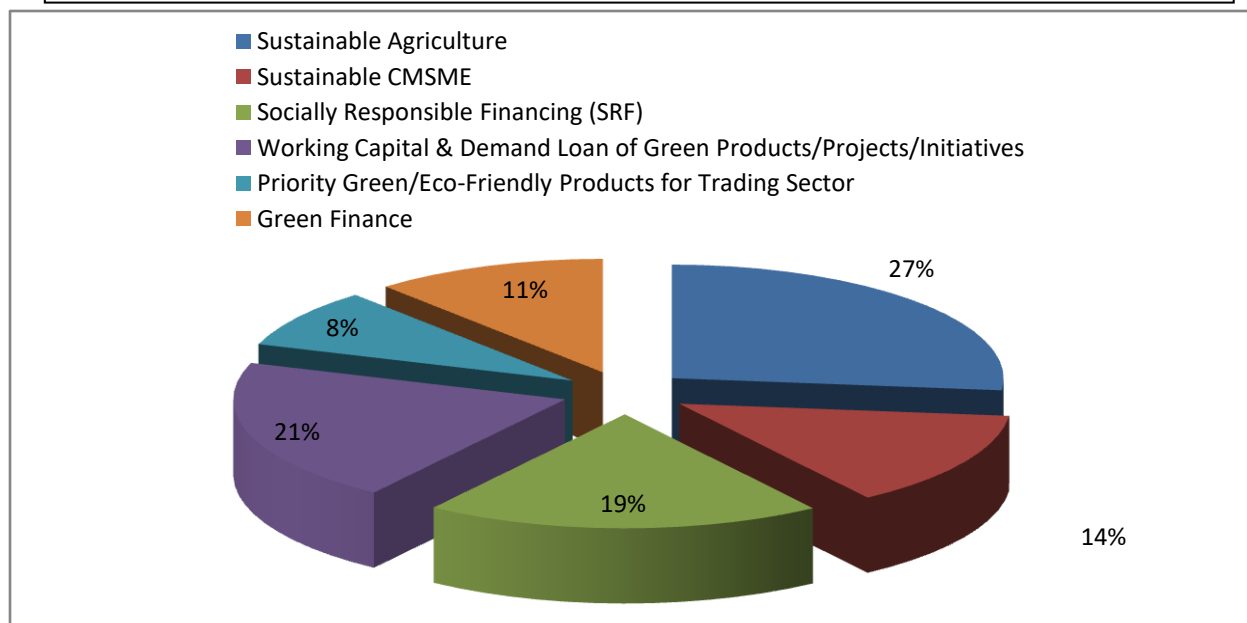
Table-4.2: Recovery and Rescheduling of Sustainable Finance (Period: October-December, 2022)

(In million BDT)

Type of Bank/FI	Green Finance		Sustainable Finance	
	Recovery	Rescheduled	Recovery	Rescheduled
SOCBs	2,146.34	943.36	15,631.29	6,885.58
SDBs	2.32	0.00	28,966.64	0.00
PCBs	44,663.32	11,639.02	182,282.50	13,262.96
FCBs	393.17	0.00	38,302.12	0.00
Bank's Total	47,205.15	12,582.38	265,182.56	20,148.55
FIs	2,342.09	615.14	6,234.55	727.73
Grand Total	49,547.24	13,197.52	271,417.11	20,876.28

Table-4.3: Sustainable Finance (Period: October-December, 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	8,265.48	2,681.09	6,027.64	184.42	0.00	2,545.66	19,704.28
SDBs	28,880.33	573.71	0.00	0.00	0.00	6.68	29,460.72
PCBs	71,220.26	52,577.24	50,500.37	68,663.50	34,347.81	37,410.09	314,719.27
FCBs	399.98	5.77	20,408.35	14,638.24	0.00	543.01	35,995.35
Bank's Total	108,766.05	55,837.81	76,936.36	83,486.15	34,347.81	40,505.43	399,879.62
FIs	973.86	540.79	2,540.00	549.25	284.65	6,274.66	11,163.20
Total	109,739.91	56,378.60	79,476.36	84,035.40	34,632.46	46,780.09	411,042.82

Graphical Presentation of Sustainable Finance by Banks and FIs in different sectors**4.3 Green Finance- Category wise:**

36 Banks out of 61 and 11 FIs out of 34 have had exposure in green finance in the reporting quarter. Total amount invested as green finance has been BDT 40,505.43 million by banks and 6,274.66 million by FIs in October-December, 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	5.60	139.43	0.00	1,589.30	0.00
SDBs	3.33	0.00	0.00	0.00	0.00
PCBs	2,388.14	6,533.61	40.00	11,539.63	0.00
FCBs	0.00	0.00	0.00	0.00	0.00
Bank's Total	2,397.07	6,673.04	40.00	13,128.93	0.00
FIs	716.29	3,301.88	0.00	435.00	1.50
Grand Total	3,113.36	9,974.92	40.00	13,563.93	1.50

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	69.27	7.56	498.03	3.02	233.45	0.00
SDBs	1.00	0.00	0.00	1.85	0.50	0.00
PCBs	2,293.63	1,643.32	11,019.10	312.71	1,207.35	432.59
FCBs	0.00	0.00	159.01	0.00	384.00	0.00
Banks' Total	2,363.90	1,650.88	11,676.15	317.58	1,825.30	432.59
FIs	17.39	0.00	931.63	65.55	356.80	448.62
Grand Total	2,381.29	1,650.88	12,607.78	383.13	2,182.10	881.21

Table-4.5: Target achievement by Banks and FIs

Type of Bank/FI	Green Finance as % of Total Term Loan Disbursement	Sustainable Finance as % of Total Loan Disbursement
SOCBs	3.75%	6.70%
SDBs	0.20%	46.10%
PCBs	7.06%	12.75%
FCBs	2.44%	11.59%
Banks' Total	6.50%	12.75%
FIs	16.32%	20.05%
Grand Total	7.07%	12.88%

4.4 Compliance Overview of ESRM Framework:

51 banks out of 61 and 19 FIs out of 34 have conducted environmental risk rating in the reporting quarter.

Type of Bank/FI	No. of Projects Rated	No. of Rated Projects Financed	Amount disbursed in Rated projects (in million BDT)
SOCBs	5,927	9,348	10,364.98
SDBs	0	0	0.00
PCBs	39,341	28,324	1,061,812.83
FCBs	646	530	64,840.72
Banks' Total	45,914	38,202	1,137,018.54
FIs	4,182	4,406	32,869.39
Grand Total	50,096	42,608	1,169,887.93

4.5 In-house Green Banking Activities:

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	3,823	77	0	0	431	4
SDBs	1,523	0	0	0	7	0
PCBs	5,866	620	3	315	10,673	63
FCBs	69	9	1	6	136	4
Bank's Total	11,281	706	4	321	11,247	71
FIs	265	6	2	2	-	-
Grand Total	11,546	712	6	323	11,247	71

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	672	0	44759	352173	3751	21065156
SDBs	0	0	4007323	0	1421	0
PCBs	23,046	4	3408396	17324506	5836	113828665
FCBs	0	0	302728	157792	69	0
Bank's Total	23,718	4	7,763,206	17,834,471	11,077	134,893,821
FIs	-	-	732	732	67	21
Grand Total	23,718	4	7,763,938	17,835,203	11,144	134,893,842

4.6 Green Investment:

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

4.7 Training, Awareness and Capacity Building:

42 Banks and 11 FIs have arranged training & awareness programs concerning Sustainable Financing activities. A snapshot on training (Period: October-December, 2022) is given below:

Type of Bank/FI	No. of Programs Organized	No. of Employees Trained	No. of Customers Trained
SOCBs	19	1684	2
SDBs	2	80	0
PCBs	147	4435	66
FCBs	46	980	0
Bank's Total	214	7,179	68
FIs	76	329	64
Grand Total	290	7508	132

5. Review on Refinancing Schemes of BB for Green Finance

Table-5.1: At a glance Funding Schemes of BB for Green Finance (Period: October-December, 2022)

Funding scheme of BB	Amount	Number of Project
Disbursement from Refinance Scheme for Environment Friendly Products/Initiatives (in million BDT)	481.87	13
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)	-	-
Disbursement from Green Transformation Fund (GTF) (In million Euro)	-	-
Disbursement from Green Transformation Fund (GTF) (In million BDT)	-	-
Disbursement from Technology Development/Up-gradation Fund (TDF) (In million BDT)	274.04	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

² SFD Circular 02/2020

enhanced to 68 under 11 categories. Since inception, total amount of Tk. 7161.25 million has been disbursed as refinance facility from the fund till 31 December, 2022. The disbursement scenario of this scheme during October-December, 2022 quarter is furnished below:

Table-5.2: Sub-category/ Product wise Disbursement		
SL. No	Sub-category/ Product	BDT in million
1	Establishment of Certified Green Building	233.59
2	Establishment of Certified Green Industry	138.37
3	Bio-gas Plant	0.35
4	Installation of Energy Auditor Certified machineries including Boiler in industries	48.76
5	Production of Vermicompost	0.59
6	Solar Home System	0.21
7	Biological ETP	60.00
	Total Disbursement	481.87

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 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 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

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

million USD & 71.21 million euro till 31 December 2022. In October-December, 2022 quarter there is no disbursement from this fund in USD and Euro. In 2022, another 50 Billion refinance fund (in local currency) for export and manufacturing industry has been introduced to serve the same purpose⁸.

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 Bangladesh⁹. 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. 25 Banks & 8 FIs are covenanted with Sustainable Finance Department for this fund. The disbursement from this Fund is Tk.609.35 million till 31 December 2022. In October-December, 2022 quarter disbursement from this fund is Tk.274.04 million in 01 project.

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, followings are the outcome:

- During the review quarter 19 banks and 9 FIs have surpassed the target of green finance (5%) compared to the total term loan disbursement. State Bank of India, Jamuna Bank Ltd, United Commercial Bank Ltd, Shahjalal Islami Bank Ltd, Janata Bank Ltd, EXIM Bank Ltd, Islami Bank Bangladesh Ltd, Global Islami Bank Ltd, Prime Bank Ltd, Modhumoti Bank Ltd, Mutual Trust Bank Ltd, Bank Asia Ltd, The City Bank Ltd, Basic Bank Ltd, Trust Bank Ltd, IFIC Bank Ltd, Social Islami Bank Ltd, BRAC Bank Ltd and Agrani Bank Ltd belong to that league. NBFIs like Aviva Finance Ltd, Bangladesh Infrastructure Finance Fund Ltd (BIFFL), Infrastructure Development Co. Ltd, The UAE-Bangladesh Investment Co. Ltd, Bangladesh Finance & Investment Limited, CVC Finance Ltd, IDLC, United Finance Ltd, Agrani SME Financing Company Ltd have done a decent job.
- Simultaneously, in July-September 2022 quarter 13 banks and 11 FIs have been able to fulfill their target (20%) of sustainable finance compared to the total loan disbursement. Among the banks, State Bank of India, Bangladesh Krishi Bank, National Bank Ltd, Shahjalal Islami Bank Ltd,

⁸ SFD Circular No 07/2022

⁹ SFD Circular No 02/2021

Rajshahi Krishi Unnayan Bank, United Commercial Bank Ltd, BRAC Bank Ltd, Jamuna Bank Ltd, Prime Bank Ltd, Eastern Bank Ltd, The City Bank Ltd, Bank Asia Ltd, Mutual Trust Bank Ltd have performed well. Among the NBFIs, performance of Bangladesh Infrastructure Finance Fund Ltd (BIFFL), Infrastructure Development Co. Ltd, The UAE-Bangladesh Investment Co. Ltd, Lankan Alliance Finance Ltd, Meridian Finance and Investment Ltd, Strategic Finance & Investments Ltd, Bangladesh Finance & Investment Limited, CVC Finance Ltd, Agrani SME Financing Company Ltd, Saudi-Bangladesh Industrial & Agricultural Investment Company Ltd (SABINCO), United Finance Ltd 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.

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