



**Sustainable Finance Department
Bangladesh Bank
Head Office**

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



July-September, 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 July 01 to 30 September, 2022 timeline. It also covers green finance/investment by 61 scheduled banks and 34 FIs under refinance scheme.



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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.

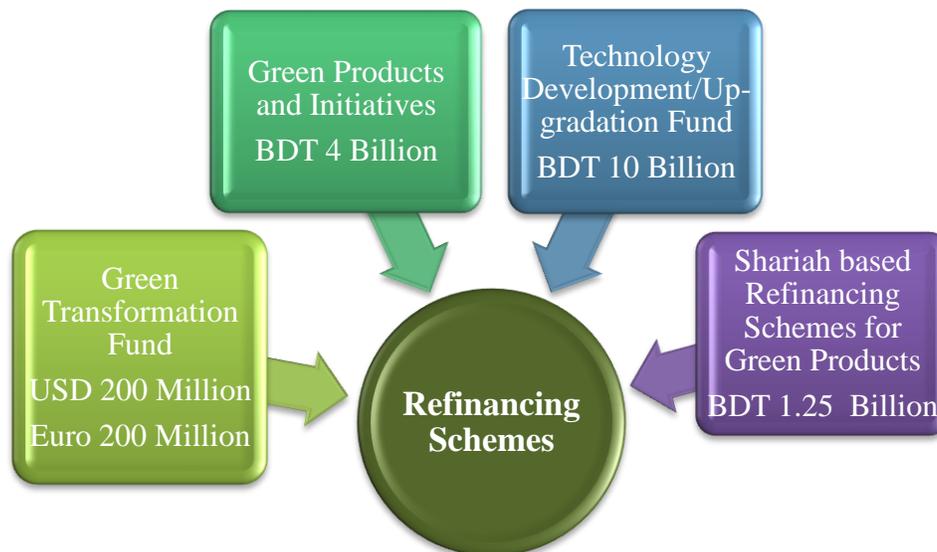
2. Policy Chronology and Refinancing Initiatives of BB

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

2.2 Refinancing Initiatives of BB:



3. At a Glance Sustainable Finance in July-September, 2022

3.1 Sustainable Finance:

A. Highlights:

Issue	Banks	FIs	Total
Green Finance (in million BDT)	26,703.89	1,084.86	27,788.75
Green Finance as % of Total Term Loan Disbursement	5.11%	3.01%	4.97%
Sustainable Linked Finance (in million BDT)	286,655.63	4,411.26	291,066.89
Sustainable Finance (in million BDT)	313,359.52	5,496.12	318,855.64
Sustainable Finance as % of Total Loan Disbursement	11.30%	9.83%	11.27%

B. Sector-wise Sustainable Finance:

Issue	Sustainable Finance (in million BDT) by Banks & FIs						Green Finance	Sustainable Finance
	Sustainable Linked Finance (SLF)					Green 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	85,711.85	43,930.42	54,881.47	84,921.69	17,210.20	26,703.89	313,359.52	
FIs	1,073.28	685.28	1,968.50	476.77	207.43	1,084.86	5,496.12	
Total	86,785.13	44,615.70	56,849.97	85,398.46	17,417.63	27,788.75	318,855.64	

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	489,852	2,829	422,400	6,369	1,715	3,682	926,847
FIs	1,800	80	5,186	18	88	2,467	9,639
Total	491,652	2,909	427,586	6,387	1,803	6,149	936,486

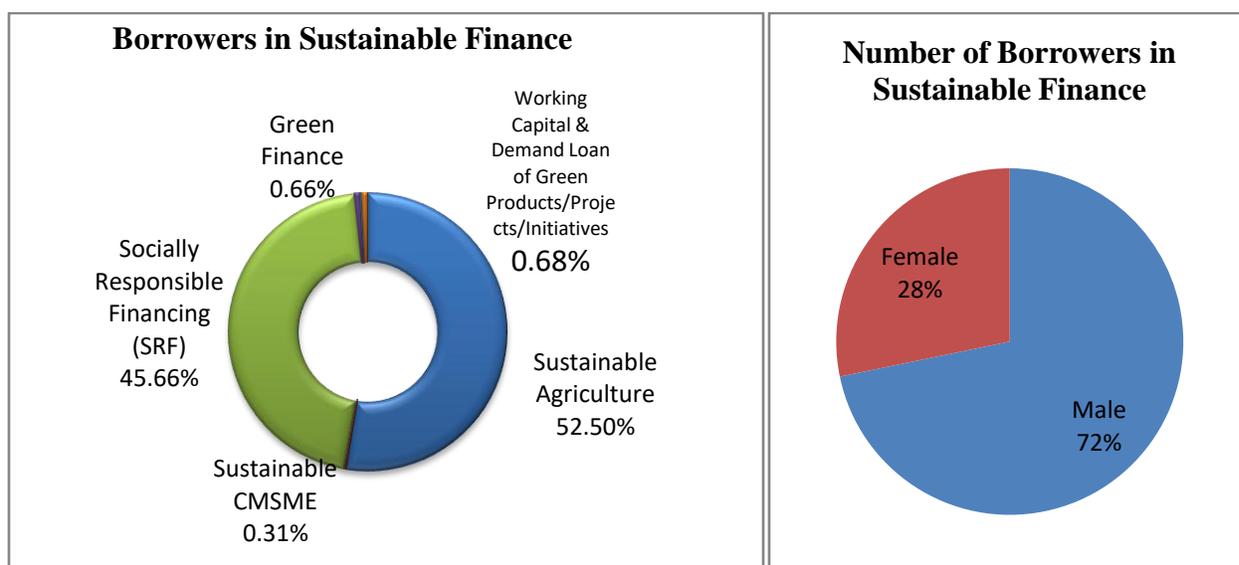
B. Gender-wise:

Number of Borrowers in Sustainable Finance	Male	Female	Third Gender	Total
Banks	670,482	256,365	0	926,847
FIs	1,512	8,127	0	9,639
Total	671,994	264,492	0	936,486

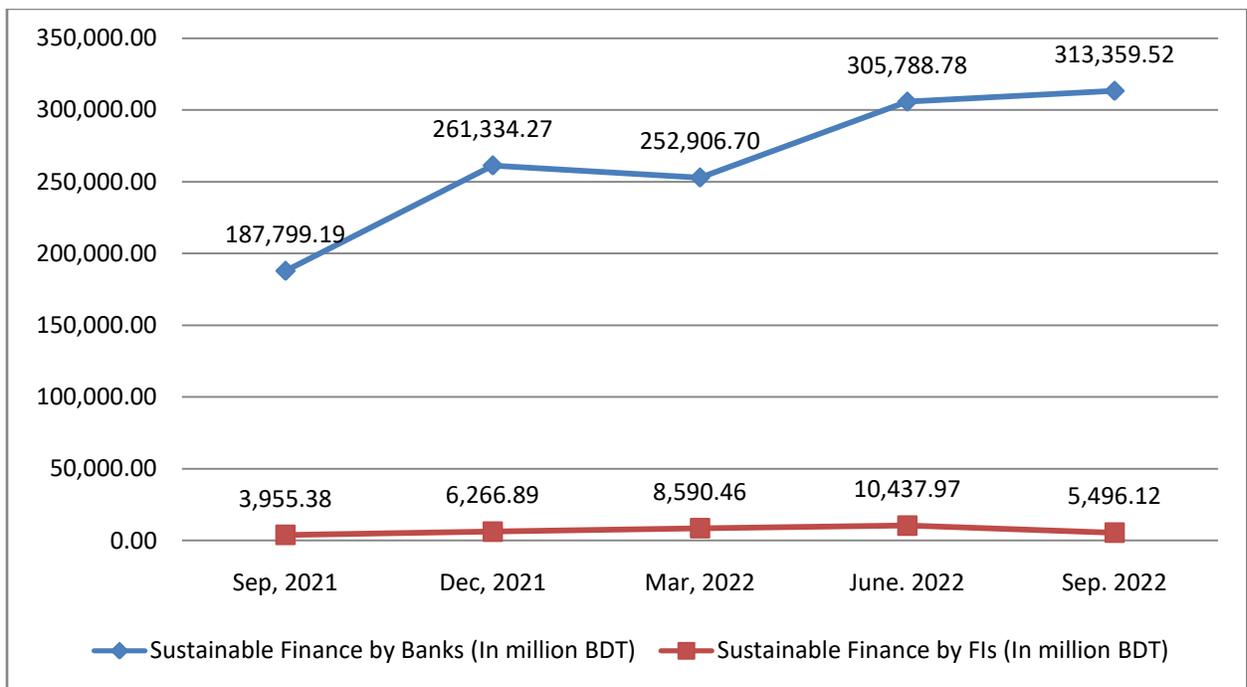
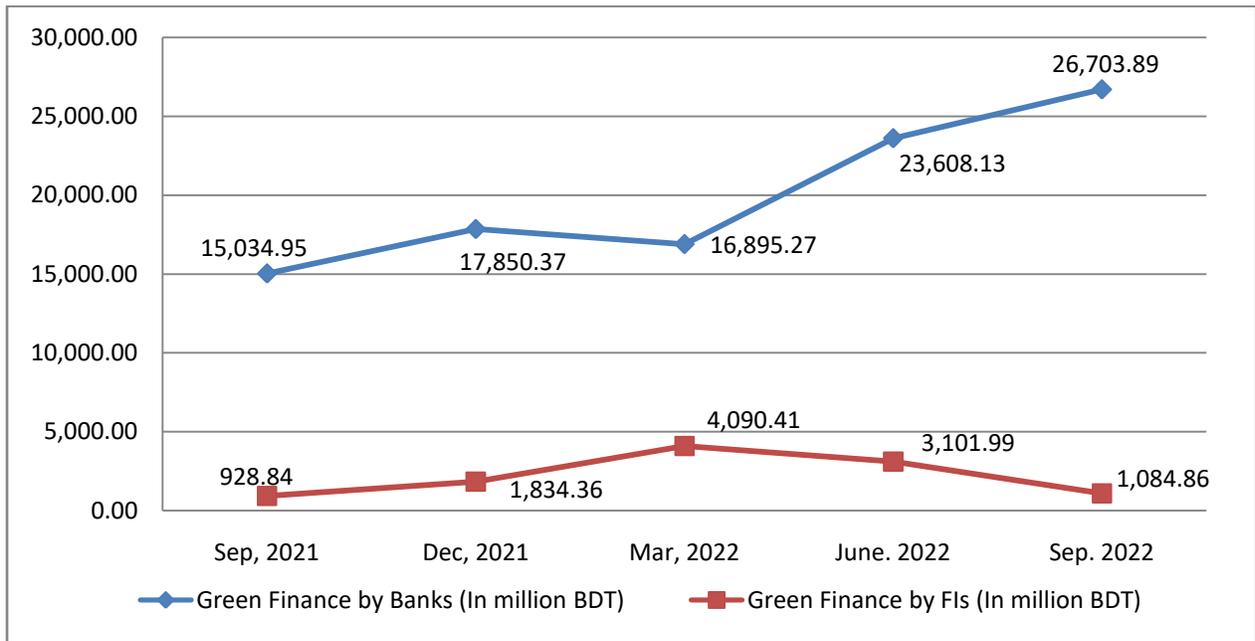
C. Rural-Urban wise:

Number of Borrowers in Sustainable Finance	Rural	Urban	Total
Banks	451,335	475,512	926,847
FIs	8,291	1,348	9,639
Total	459,626	476,860	936,486

D. Graphical Representation of Borrowers in Sustainable Finance



E. Quarterly Trend of Green Finance & Sustainable Finance



In July-September, 2022 period contribution to Green Finance is 27,788.75 million taka which is 1078.63 million taka more than April-June, 2022 period. Similarly, in July-September, 2022 period contribution to Sustainable Finance is 318,855.64 million taka which is 2,628.89 million taka more than April-June, 2022 period.

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

Issue	2019	2020	2021	2022(Jan-Sep)
Green Finance (in million BDT)	1,11,037.77	1,19,299.26	72,328.50	75,484.56
Green Finance as % of Total Term Loan Disbursement	1.22%	3.96%	3.06%	4.20%
Sustainable Linked Finance(in million BDT)	-	-	7,53,188.24	8,21,094.94
Sustainable Finance (in million BDT)	-	-	8,25,516.74	8,96,579.50
Sustainable Finance as % of Total Loan Disbursement	-	-	8.04%	11.08%

3.3 Utilization of Climate Risk Fund:

Total utilization of Climate Risk Fund in the review quarter is 89.94 million taka.

Climate Risk Fund Issue	Number			Amount		
	Banks	FIs	Total	Banks	FIs	Total
Events	17	0	17	70.46	0	70.46
Projects	125	0	125	19.48	0	19.48
Concessional Loan	0	0	0	0.00	0	0.00

3.4 Environmental & Social Risk Management:

Issue	Banks	FIs	Total
Number of Environmental Risk Rated Projects	55,140	3,000	58,140
Number of Environmental Risk Rated Projects Financed	42,678	2,852	45,530
Amount Disbursed Against Rated Projects (in million BDT)	1,104,337.89	24,070.23	1,128,408.12

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

Issue	Banks	FIs	Total
Number of Solar Powered Branches	703	5	708
Number of Branches with Rainwater Harvesting	4	2	6
Number of Branches with Solid Waste Management System	261	2	263
Number of Solar powered ATM Booths	68	-	68
Number of Solar Powered Agent Outlets	27	-	27
Online branches (as % of total branches)	98.57%	24.28%	96.76%

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

A. Sustainable Finance (Period: July-September, 2022)

Name of the Banks	Target Attainment	Name of the NBFIs	Target Attainment
National Bank Ltd	100.00%	The UAE-Bangladesh Investment Co. Ltd	100.00%
Bangladesh Krishi Bank	55.26%	Infrastructure Development Co. Ltd	100.00%
Rajshahi Krishi Unnayan Bank	54.75%	Lankan Alliance Finance Ltd	48.62%
Shahjalal Islami Bank Ltd	45.19%	CVC Finance Ltd	46.28%
State Bank of India	31.65%	Agrani SME Financing Company Ltd	40.71%
NRB Bank Ltd	28.87%	Bangladesh Infrastructure Finance Fund Ltd	40.27%
Rupali Bank Ltd	27.79%		
Jamuna Bank Ltd	24.76%		
BRAC Bank Ltd	23.22%		
United Commercial Bank Ltd	21.87%		
Trust Bank Ltd	20.91%		

B. Green Finance (Period: July-September, 2022)

Name of the Banks	Target Attainment	Name of the NBFIs	Target Attainment
Global Islami Bank Ltd	96.46%	Infrastructure Development Co. Ltd	100.00%
Janata Bank Ltd	52.06%	The UAE-Bangladesh Investment Co. Ltd	60.86%
State Bank of India	50.78%	Bangladesh Infrastructure Finance Fund Ltd (BIFFL)	40.27%
Rupali Bank Ltd	46.89%	CVC Finance Ltd	17.37%
Shahjalal Islami Bank Ltd	32.21%	Agrani SME Financing Company Ltd	5.42%
Islami Bank Bangladesh Ltd	14.63%		
Jamuna Bank Ltd	13.48%		
United Commercial Bank Ltd	10.37%		
Prime Bank Ltd	9.55%		
Bank Asia Ltd	9.15%		
Basic Bank Ltd	7.64%		
Merchantile Bank Ltd	7.43%		
South East Bank Ltd	7.35%		
The City Bank Ltd	6.28%		
Standard Chartered Bank Ltd	5.17%		

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:

53 Banks out of 61 and 15 FIs out of 34 have had exposure in sustainable finance in the reporting quarter. The snapshot of Sustainable Finance by banks and FIs during July-September, 2022 quarter is shown in Table-4.1, 4.2 and 4.3.

Table-4.1: Sustainable Finance in July-September, 2022

(In million BDT)

Type of Bank/FI	Total Loan Disbursed	Total Term Loan Disbursed	Green Finance		Sustainable Finance	
			Disbursed	Outstanding	Disbursed	Outstanding
SOCBs	227,976.75	68,445.25	5,764.83	38,287.18	13,593.76	193,014.68
SDBs	32,061.22	2,798.55	0.53	159.45	16,639.69	241,849.21
PCBs	2,233,477.49	430,290.62	20,338.29	234,714.11	252,946.78	875,617.05
FCBs	279,056.27	20,980.92	600.24	3,370.56	30,179.29	48,587.93
Bank's Total	2,772,571.73	522,515.33	26,703.89	276,531.29	313,359.52	1,359,068.86
FIs	55,911.66	36,064.56	1,084.86	41,427.96	5,496.12	66,122.97
Grand Total	2,828,483.39	558,579.89	27,788.75	317,959.25	318,855.64	1,425,191.83

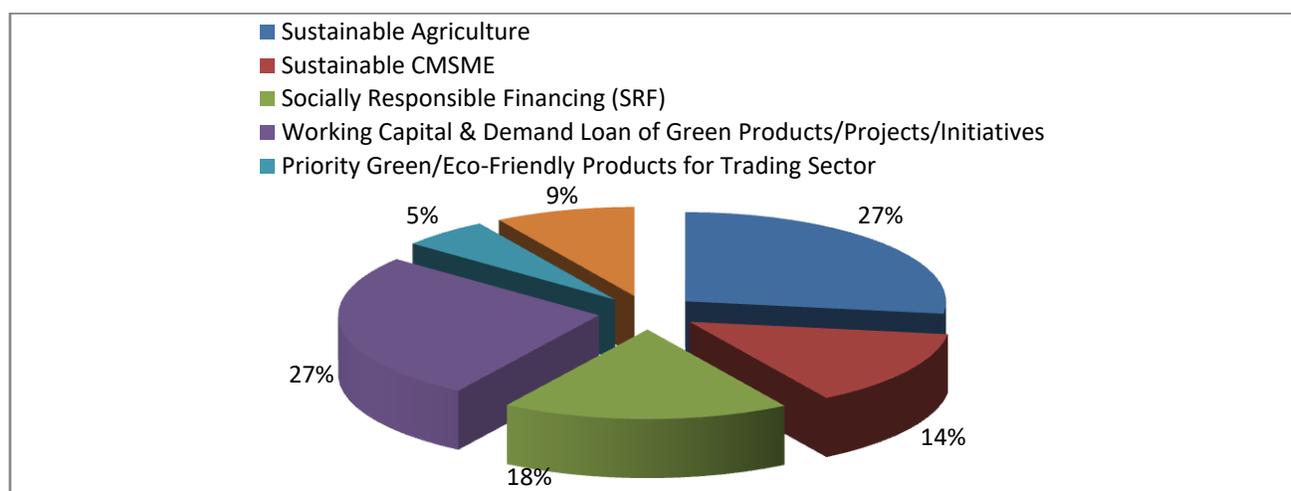
Table-4.2: Recovery and Rescheduling of Sustainable Finance in July-September, 2022

(In million BDT)

Type of Bank/FI	Green Finance		Sustainable Finance	
	Recovery	Rescheduled	Recovery	Rescheduled
SOCBs	874.60	0.00	6,444.95	844.57
SDBs	1.14	0.00	16,429.07	0.00
PCBs	36,490.41	219.42	121,186.47	495.86
FCBs	322.97	0.00	35,244.67	0.00
Bank's Total	37,689.12	219.42	179,305.17	1,340.43
FIs	1,750.16	892.14	5,735.63	1,153.49
Grand Total	39,439.28	1,111.56	185,040.80	2,493.92

Table-4.3: Sustainable Finance in Million BDT (July-September, 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	5,596.27	1,310.39	250.00	672.27	0.00	5,764.83	13,593.76
SDBs	16,099.41	539.75	0.00	0.00	0.00	0.53	16,639.69
PCBs	57,338.36	42,079.88	44,238.67	72,889.33	16,062.25	20,338.29	252,946.78
FCBs	6,677.80	0.40	10,392.80	11,360.09	1,147.96	600.24	30,179.29
Bank's Total	85,711.85	43,930.42	54,881.47	84,921.69	17,210.20	26,703.89	313,359.52
FIs	1,073.28	685.28	1,968.50	476.77	207.43	1,084.86	5,496.12
Total	86,785.13	44,615.70	56,849.97	85,398.46	17,417.63	27,788.75	318,855.64

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

4.3 Green Finance- Category wise:

34 Banks out of 61 and 08 FIs out of 34 have had exposure in green finance in the reporting quarter. Total amount invested as green finance has been BDT 26,703.89 million by banks and 1,084.86 million by FIs in July-September, 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	1.34	10.71	0.00	2,976.00	0.00
SDBs	0.20	0.00	0.00	0.00	0.00
PCBs	1,159.18	5,810.78	0.00	2,004.45	0.00
FCBs	0.00	0.00	0.00	0.00	0.00
Bank's Total	1,160.72	5,821.49	0.00	4,980.45	0.00
FIs	220.78	250.26	0.00	35.00	0.00
Grand Total	1,381.50	6,071.75	0.00	5,015.45	0.00

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	49.00	10.00	2,601.78	0.00	116.00	0.00
SDBs	0.00	0.00	0.00	0.33	0.00	0.00
PCBs	1,899.58	356.32	8,052.07	220.31	415.20	420.40
FCBs	0.00	0.00	399.74	200.30	0.20	0.00
Banks' Total	1,948.58	366.32	11,053.59	420.94	531.40	420.40
FIs	9.13	0.00	12.50	53.45	458.75	45.00
Grand Total	1,957.71	366.32	11,066.09	474.39	990.15	465.40

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	8.42%	5.96%
SDBs	0.02%	51.90%
PCBs	4.73%	11.33%
FCBs	2.86%	10.81%
Banks' Total	5.11%	11.30%
FIs	3.01%	9.83%
Grand Total	4.97%	11.27%

4.4 Compliance Overview of ESRM Framework:

52 banks out of 61 and 19 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	21,421	19,692	11,639.11
SDBs	0	0	0.00
PCBs	33,017	22,432	1,049,983.48
FCBs	702	554	42,715.30
Banks' Total	55,140	42,678	1,104,337.89
FIs	3,000	2,852	24,070.23
Grand Total	58,140	45,530	1,128,408.12

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	3,820	77	0	0	417	4
SDBs	1,522	0	0	0	7	0
PCBs	5,674	617	3	255	10,414	60
FCBs	69	9	1	6	130	4
Bank's Total	11,085	703	4	261	10,968	68
FIs	276	5	2	2	-	-
Grand Total	11,361	708	6	263	10,968	68

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	437	0	20930	283240	3806	21065156
SDBs	0	0	4024350	0	1421	0
PCBs	22,443	27	3236056	16580073	5630	110427318
FCBs	0	0	294697	161816	69	0
Bank's Total	22,880	27	7,576,033	17,025,129	10,926	131,492,474
FIs	-	-	0	0	67	13
Grand Total	22,880	27	7,576,033	17,025,129	10,993	131,492,487

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:

41 Banks and 12 FIs have arranged training & awareness programs concerning Sustainable Financing activities. A snapshot on training in July-September, 2022 period is given below:

Type of Bank/FI	No. of Programs Organized	No. of Employees Trained	No. of Customers Trained
SOCBs	22	881	4
SDBs	0	0	0
PCBs	142	4930	74
FCBs	70	262	0
Bank's Total	234	6,073	78
FIs	23	348	14
Grand Total	257	6421	92

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)	204.91	7
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)	6.70	5
Disbursement from Green Transformation Fund (GTF) (In million Euro)	18.97	4
Disbursement from Technology Development/Up-gradation Fund (TDF) (In million BDT)	84.75	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 68 under 11 categories. Since inception, total amount of Tk. 6,679.38 million has been

² SFD Circular 02/2020

disbursed as refinance facility from the fund till 30 September, 2022. The disbursement scenario of this scheme during July-September, 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	200.00
2	Integrated Cow Rearing and Setting up of Bio-gas Plant	1.12
3	Compressed Block-Brick	2.50
4	Production of Vermicompost	0.57
5	Solar Home System	0.72
	Total Disbursement	204.91

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 145.45 million USD & 80.70 million Euro till 30 September 2022. In July-September, 2022 quarter disbursement from this fund is 6.70 million USD in 05 projects & 18.97 million Euro in 04 projects.

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

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. 25 Banks & 8 FIs are covenanted with Sustainable Finance Department for this fund. The disbursement from this Fund is tk.191.12 Million till 30 September 2022. In July-September, 2022 quarter disbursement from this fund is 84.75 million USD 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 15 banks and 5 FIs have surpassed the target of green finance (5%) compared to the total term loan disbursement. Global Islami Bank Ltd, Janata Bank Ltd, State Bank of India, Rupali Bank Ltd, Shahjalal Islami Bank Ltd, Islami Bank Ltd, Jamuna Bank Ltd, United Commercial Bank Ltd, Prime Bank Ltd, Bank Asia Ltd, Basic Bank Ltd, Merchantile Bank Ltd, South East Bank Ltd, The City Bank Ltd, Standard Chartered Bank Ltd belong to that league. NBFIs like, Infrastructure Development Co. Ltd, The UAE-Bangladesh Investment Co. Ltd, Bangladesh Infrastructure Finance Fund Ltd (BIFFL), CVC Finance Ltd, and Agrani SME Financing Company Ltd have done a decent job.
- Simultaneously, in July-September 2022 quarter 11 banks and 6 FIs have been able to fulfill their target (20%) of sustainable finance compared to the total loan disbursement. Among the banks, National Bank Ltd, Bangladesh Krishi Bank, Rajshahi Krishi Unnayan Bank, Shahjalal Islami Bank Ltd, State Bank of India, NRB Bank Ltd, Rupali Bank Ltd, Jamuna Bank Ltd, BRAC Bank Ltd, United Commercial Bank Ltd, Trust Bank Ltd have performed well. Among the NBFIs, performance of The UAE-Bangladesh Investment Co. Ltd, Infrastructure Development Co. Ltd, Lankan Alliance Finance Ltd, CVC Finance Ltd, Agrani SME Financing Company Ltd, Bangladesh Infrastructure Finance Fund Ltd (BIFFL) were significant.

⁸ SFD Circular No 02/2021

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.....