

“Expand access to REFINANCING SCHEMES”



In conversation with Selim R. F. Hussain, Managing Director & CEO, BRAC Bank

BRAC Bank has taken a major step forward by calculating our greenhouse gas (GHG) emissions for the entire organisation, a process endorsed by the Partnership for Carbon Accounting Financials (PCAF). This innovative approach marks a significant shift from traditional practices to more impactful and forward-thinking strategies, demonstrating our commitment to sustainability.

TDS: BRAC Bank has been recognised as a top performer in the ‘Sustainability Rating 2023’ by Bangladesh Bank. What are the most innovative and impactful sustainable financing products or strategies that contributed to this achievement?

Selim R.F. Hussain (SRFH): BRAC Bank is recognised as one of the top sustainable banks for the fourth consecutive year. The bank has consistently demonstrated a strong commitment to sustainability through its financing practices. Last year, our total financing for green initiatives amounted to BDT 26,104 million, while our sustainable finance reached BDT 236,434 million. As cited by Bangladesh Bank in the latest sustainable finance policy, we have financing in 10 out of 14 green sectors and all 4 sustainable finance sectors, underscoring our dedication to environmental and social responsibility.

As a Participating Financial Institution (PFI) in all major Bangladesh Bank refinancing schemes, we place significant emphasis on concessional funds for eligible borrowers. This influential role has been highly impactful in encouraging borrowers

to engage in green projects, reinforcing our commitment to sustainability.

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Our focus on digitisation complements our conventional banking practices, aiming to enhance customer involvement and streamline operations. Bangladesh Bank assesses the sustainability of commercial banks not only through their sustainable finance indicators but also through their core banking indicators. These include different ratios and parameters such as non-performing loans (NPL), liquidity coverage ratio (LCR), return on assets (ROA), number of branches, deposit accounts, etc. BRAC Bank’s commitment to core banking sustainability, alongside its focus on sustainable finance, has earned this recognition.

TDS: What future plans does BRAC Bank have to further enhance sustainability within the financial sector?

SRFH: To advance our sustainability efforts effectively, we must examine global best practices and incorporate these proven standards into our own policies. By adopting international norms, we can align with global expectations and enhance our international relations and trade opportunities.

If significant changes are needed to achieve this alignment, we must be prepared to evaluate critically and, if necessary, revise our existing regulations and frameworks. This process may involve a comprehensive overhaul of current practices to ensure they meet international sustainability criteria.

Our primary objective should be to align with global net zero targets while actively avoiding greenwashing—making superficial or misleading claims about environmental practices without substantive actions. We must focus on concrete measures, such as investing more in renewable energy sources, promoting recycling,

supporting the circular economy, and prioritising sectors with lower carbon emissions.

By emphasising these areas strongly, we can drive meaningful progress towards sustainability and demonstrate our commitment to genuine environmental responsibility.

TDS: What forms of government support would be most effective in advancing the efforts in sustainable finance?

SRFH: It is crucial to align policy reforms with international standards to ensure effective and widespread adoption of green and sustainable financing. This alignment will further facilitate smoother and more efficient refinancing schemes. Bangladesh Bank currently offers refinancing schemes to support all segments’ green products, projects and initiatives. However, these schemes are predominantly accessible to corporate entities due to the intricate documentation and associated processes. To foster broader adoption and encourage

sustainability at all levels of business, it is essential to make these refinancing opportunities easily accessible to both corporate entities and small and medium-sized enterprises (SMEs). Expanding access to refinancing schemes could support a wider range of businesses in their efforts to implement environmentally friendly practices and contribute to overall sustainable development.

It is not just about implementing green practices but also about creating a supportive environment. The government should actively promote digitalization and implement green practices in banking operations, such as reducing paper usage and using renewable energy. Additionally, it’s crucial that supportive policies and encouragement are established to foster these initiatives.



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Despite its minimal contribution to climate change, Bangladesh is highly vulnerable to extreme weather events and climate variability, ranking seventh globally as the most disaster-prone country according to the Climate Risk Index 2021. It is high time to scale up sustainable finance, which is essential to withstand these challenges and ensure a sustainable future. In that pursuit, under the guidance of Bangladesh Bank, the banking sector has taken proactive measures by offering green finance loans and refinancing options for green products and projects, creating an encouraging atmosphere for greening the economy.

According to the central bank’s latest report, the total amount of green finance disbursed during FY23 was BDT 126.41 billion by banks and BDT 23.58 billion by NBFIs, accounting for 5.84 percent of total term loan disbursements. The Quarterly Review Report on Sustainable Finance for January to March 2024 stated that green finance by banks stood at BDT 59.68 billion, while green finance by NBFIs amounted to BDT 12.72 billion.

Green financing, initiated by the central bank in 2009-2010, started with a BDT 2 billion fund for refinancing small and medium enterprises with just three products. Today, the number of products has expanded to 94, reflecting the gradual diversification of the sustainable finance program. Bangladesh Bank has set specific green and sustainable finance targets for each bank and NBFI, which are assessed quarterly against annual goals.

“It is our utmost responsibility to use our resources wisely so that future generations can benefit without jeopardizing their prospects. Green financing is a significant component of sustainable finance, where we place high priority on the environmental aspects of any project or product,” said Imran

Khan, Deputy General Manager and Head of the Sustainable Finance Department at IPDC Finance.

Some of the sectors prioritized in the green finance landscape include RMG, renewable energy, energy and resource efficiency, alternative energy, liquid and solid waste management, recycling and the manufacturing of recyclable goods, environmentally friendly brick production, green infrastructure, green agriculture, and green CMSMEs (Cottage, Micro, Small, and Medium Enterprises).

“We weren’t this serious 10 to 15 years ago. What has made us more serious now is experiencing the consequences of climate change firsthand. I believe it’s high time that, when financing projects, we assess their social and environmental sustainability to help protect our environment,” said Fakhru Abidin Milon, Head of CRM & SFU at Dhaka Bank.

“As of June 2024, the total disbursed amount stands at BDT 515 crore. Of this, BDT 300 crore has been allocated to the Renewable Energy and Energy & Resource Efficiency segments. Additionally, BDT 93 crore has been financed to factories for ETPs. Between BDT 50 and 60 crore has been provided for MSME green projects and biogas initiatives. Our bank consistently prioritizes green finance,” stated Mynul Hossain, First Vice President, Credit Risk Management (CRM) of Bank Asia.

“Our SME and cottage finance is largely facilitated through Microfinance Institutions (MFIs), including Bangladesh Bank’s Credit Guarantee Scheme (CGS) for women entrepreneurs, which provides green microloans through MFIs. We finance MFIs, which in turn channel funds into climate-friendly projects. For example, in Sylhet, known for its stone extraction, the government regulates the process to maintain the region’s natural integrity.” M F I

financing supports efforts to discourage environmentally harmful extraction practices and encourages monitoring personnel through financial support. By financing MFIs, we ensure that funds are properly circulated and used effectively,” said Sudip Saha, Head of SME at United Finance.

The central bank has made Environmental and Social Risk Rating (ESRR) mandatory for banks and NBFIs under the ESRM guidelines. During FY23, 229,592 projects were rated using the Environmental and Social Due Diligence (ESDD) checklist, with BDT 4,165 billion disbursed across 179,022 rated projects. Additionally, BDT 0.88 billion from the climate risk fund was utilized by banks and NBFIs in FY23, provided as grants.

Professor Atiur Rahman, former governor of Bangladesh Bank, discussed the importance of expanding the green fund to include heavy industries such as the garment sector. He highlighted Bangladesh’s global recognition for its RMG products, underscoring the need for this broader support.

“Among the popular products on the list, we have significant exposure in the RMG and textile sectors. We provide financing at concessional or standard rates for energy-efficient and resource-efficient machinery. Our portfolio includes LEED-certified buildings, ETPs, small-scale renewable energy projects, solar mini-grids, biogas plants, hybrid cars, and environmentally friendly brick manufacturing,” said Syed Mahbubur Rahman, Managing Director & CEO of Mutual Trust Bank (MTB).

SEE PAGE J5

