



საქართველოს ეროვნული ბანკი
National Bank of Georgia

Integrated ESG
Driving Sustainable Investment



Sustainable
Banking and
Finance
Network



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Creating Markets, Creating Opportunities



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Sustainable Finance Forum

Organized by the National Bank of Georgia, Sustainable Banking and Finance Network, and International Finance Corporation, a member of the World Bank Group, in partnership with the Swiss State Secretariat for Economic Affairs SECO

Wednesday, November 24, 2021 – 10:00 – 13:00 CET
Zoom Platform

Agenda – November 24, 2021

09.45 – 10.00	Online Connection and Registration of the Participants
10.00 – 10.15	Welcome remarks <ul style="list-style-type: none"> • Mr. Koba Gvenetadze, Governor, National Bank of Georgia (NBG) • Ms. Ivana Fernandes Duarte, Regional Manager for the South Caucasus, IFC • Ms. Danielle Meuwly, Regional Director, Swiss Cooperation Office for the South Caucasus, Embassy of Switzerland in Georgia
10:15-10:25	Keynote: SBFN Global Progress Report Key Findings: Evidence of Policy Innovations and Market Actions across 43 Emerging Markets <ul style="list-style-type: none"> • Ms. Rong Zhang, Global Coordinator, IFC-supported Sustainable Banking and Finance Network (SBFN)
10.20 – 11.20	Panel 1: Environment, Social and Governance (ESG) - Indispensable Component of Sustainable Finance Panellists: <ul style="list-style-type: none"> • Mr. David Utiashvili, Head of Financial Stability Department, NBG • Ms. Caroline Bright, Regional ESG Advisory Lead for Eastern Europe, Central Asia, Latin America, Middle East and Turkey, IFC • Mr. Kiran Raj Pandit, Director of the Banks and Financial Institutions Regulation Department, Nepal Rastra Bank • Mr. Maksym Libanov, Commissioner, National Securities & Stock Market Commission of Ukraine Moderator: Mr. Boris Janjalia, Corporate Governance Officer, IFC/Regional Coordinator in Europe, SBFN
11.20 – 11.30	Q&A Session

11.30 – 11.40	Break
11.40 – 12.40	<p>Panel 2: Sustainable Finance Flows and Opportunities</p> <p>Panellists:</p> <ul style="list-style-type: none"> • Ms. Salome Tvalodze, Head of Macrofinancial Modelling and Analysis Division, NBG • Mr. Garth Bedford, Advisory Lead, Financial Industry Group, IFC • Mr. Pavel Afanasyev, Director of the Securities Market Department, the Agency of the Republic of Kazakhstan on Regulation and Development of the Financial Market, Kazakhstan • Mr. Yasser Mounsif, Head of Corporate Finance and Financial Disclosure, AMMC, Morocco <p>Moderator: Ms. Louise Gardiner, Coordinator, Working Groups Coordinator and Africa Regional Coordinator, SBFN</p>
12.40 – 12.50	Q&A Session
12.50 – 13.00	<p>Summary of next steps and closing remarks:</p> <ul style="list-style-type: none"> • Mr. Papuna Lezhava, Deputy Governor, NBG • Ms. Rong Zhang, Global Coordinator, SBFN

Concept Note

I. Background on the development of Sustainable Finance in Georgia

National Bank of Georgia (NBG) joined Sustainable Banking and Finance Network (SBFN) – formally Sustainable Banking Network (SBN) - in 2017 and has shown an ambitious progress over the past four years. IFC/SBFN and NBG jointly hosted two Sustainable Finance events in Georgia in 2018 and 2019. Participants included representatives of the Georgian financial sector and senior representatives of central banks and associations from Armenia, Azerbaijan, Bosnia and Herzegovina, Kazakhstan, Kyrgyzstan, Morocco, Romania, Turkey and Ukraine.

With IFC support, NBG developed the Roadmap for Sustainable Finance in Georgia (the Roadmap) that levered SBFN members' collective experience. NBG Vice-Governor, Mr. Archil Mestvirishvili, launched the Roadmap at the SBFN Global Meeting in Washington DC in April 2019. The Roadmap is for 2019-2022 and comprises the four main directions:

- Increasing awareness and capacity building (development of policies and guidance to support market action, delivering workshops and trainings for stakeholders, establishing SF working groups);
- Sustainable Finance flows (introducing SF taxonomy, development of SF guidelines, and exploring options for incentives and regulations to stimulate SF flows);
- Environmental, Social, and Governance (ESG) risk management (integration of ESG considerations in the CG Codes and development of ESG risk management guidance and tools); and
- Transparency and market discipline (including ESG disclosure requirements in the CG Codes, providing guidance on ESG reporting and disclosure, developing progress measurement tools and establishing information hub).

In February 2020, NBG launched its ESG Reporting and Disclosure Principles that was developed in close collaboration with OECD. Commercial banks should disclose ESG related information using this template from 2021 and publish on their official website.

NBG has also worked with IFC on integrating ESG considerations into the Corporate Governance Code for Commercial Banks. The most recent ESG-related changes were introduced in the Code in June 2021. Currently, the NBG is collaborating with SBFN/IFC to develop Sustainable Finance Taxonomy, CG Code for Public Issuers (jointly with the World Bank) and ESG Scorecard.

NBG is committed to knowledge sharing and contributed to a number of SBFN peer-to-peer learning initiatives across the emerging markets. Besides, NBG actively promotes the concept of Sustainable Finance in Georgia and in the region of Europe and Central Asia.

II. Global Context and Recent Trend in Sustainable Finance

The global community has collectively embraced the Sustainable Development Goals (SDGs) and the Paris Agreement on Climate Change and has acknowledged the central role of the private sector in achieving them.

As capital providers, financial institutions (FIs) are ideally placed to help the private sector adapt to new economic realities under climate change scenarios and to contribute to national sustainability agendas sooner and more effectively. FIs can in turn reduce losses in their own

lending portfolios that may result from business failures due to sustainability risks. They can also generate new lending opportunities in areas such as clean technologies and finance for underserved customers. More and more FIs around the world are adopting policies, systems and lending practices to do so.

In 2016, the G20 highlighted sustainable finance as a global priority and launched the Green Finance Study Group (GFSG), aiming to enhance mobilization of private green investment through financial markets. In April 2021, GFSG has been upgraded to G20 Sustainable Finance Working Group (SFWG) for which IFC and SBFN are knowledge partners. In March 2018, the European Union completed a one-year consultation process on sustainable finance and launched a Sustainable Finance Action Plan. The plan emphasizes objectives such as improved disclosure and management of environmental, social and governance (ESG) risk by companies and financial institutions (including asset managers, institutional investors, and insurance providers), and the development of a taxonomy to help define sustainable activities (adopted in July 2020).

In emerging markets, the IFC-supported SBFN is leading the way to advance sustainable finance through knowledge sharing, capacity building and support to financial sector regulators and industry associations to develop national enabling frameworks. With 63 institutions from 43 member-countries, SBFN now represents 86% banking assets in emerging markets and can play a critical role to deliver on the SDGs and the climate change agenda. 33 countries have so far launched over 120 national policies, guidelines, principles, or roadmaps on sustainable finance.

In October 2021, SBFN published its latest Global Progress Report <https://www.sbfnetwork.org/publications/global-progress-report-2021/> that reflects progress in sustainable finance among SBFN member countries. The report provides a systematic view of country initiatives to better enable SBFN members to evaluate their progress and plan their next steps based on good practices and lessons from their peers.

III. IFC's ESG Advisory in Europe and Central Asia (ECA)

In 2018, IFC has launched an Integrated Environmental, Social and Corporate Governance Advisory Program in Europe and Central Asia that is implemented in partnership with the Swiss State Secretariat for Economic Affairs SECO. The aim of the Program is to promote investment into sectors and wider markets by introducing/enhancing ESG standards to address risks preventing markets from improving performance. One of the key ways of achieving this aim is through supporting financial intermediaries to identify and manage ESG risks in their investments.

The ESG program for ECA and the SBFN jointly support financial sector in Europe and Central Asia. As a result of SBFN/ESG program collaboration, in 2020-2021, four new members joined SBFN (the National Securities and Stock Market Commission of Ukraine (July 2020), the Serbian Banking Association (October 2020), the National Bank of Ukraine (November 2020) and Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market (July 2020)). SBFN/ESG program have also delivered five knowledge sharing sessions for SBFN members and contributed to the development of the number of SF-related regulations (SF Roadmaps, CG Codes, ESG Disclosure Standards, Green Bond Regulations and SF Taxonomies).