
Sustainable Banking Network (SBN)

AFRICA, EUROPE, AND MIDDLE EAST

Virtual regional workshop (20th January, 2021)

Co-hosted by SBN and the Moroccan Capital Market Authority

Ms. Nezha HAYAT opening remarks

Dear SBN members,

First, I wish you all a happy new year 2021, and welcome you to this virtual workshop dedicated to sustainable finance and to the preparation of the 2021 SBN global progress report, Co-hosted by SBN and the Moroccan Capital Market Authority.

I am also delighted to see that among the attendees are fellow regulators that we had the occasion to work with on sustainable finance related projects such as the development of national frameworks.

I am convinced that this workshop is a unique exchange opportunity since it gathers representatives from 3 geographic regions, each one having a particular perspective and experience on developing sustainable financial markets.

This is particularly relevant as sustainable development is by definition a global endeavor, which requires combined and coordinated efforts of all stakeholders. indeed, collaboration is key for ensuring the green transition of our respective economies.

Sustainable finance is a broad term that includes a large number of concepts and practices aimed at fostering the financing of the SDGs and the management of ESG risks that have become a particularly pressing priority at the global scale. Moreover, amid the global COVID-19 pandemic, sustainable finance presents real opportunities for accelerating the post-Covid recovery of our economies and enhancing their resilience.

Hence, the momentum of sustainable finance has been growing, and accelerating among the network members in general, and among our three regions in particular. Indeed, since 2012, 8 member countries in these regions have launched national frameworks setting out over 30 national policies, voluntary industry principles, or guidelines for sustainable finance. In 2020 alone, the majority of the 14 SBN member countries in these regions have taken concerted actions on sustainable finance policy development.

The SBN membership figures also show impressive growth. From 12 members representing 10 countries in 2012, the network has reached 59 members representing 41 countries in 2020, which proves the growing popularity of the network and its relevance in accelerating sustainable finance globally.

The SBN is also unique in its focus on emerging markets. The 41 member countries aggregate 86 percent of the total banking assets in emerging markets as of November 2020.

Let me say a few words about our commitment in Morocco in sustainable finance.

Morocco is clearly engaged in Sustainable development that was embedded in the Kingdom's constitution in 2011, as well as in operational strategies like the sustainable energies strategy (52% of energy capacity from sustainable sources) or the national sustainable development strategy.

Our journey in the field of sustainable finance started during the COP22 in 2016 held in Marrakech under the name "the action COP", and marked by a large mobilization of all stakeholders.

The financial sector actors (*AMMC, Central Bank, Ministry of Finance, Insurance regulator, Casablanca stock exchange, banking association, insurance association, Casablanca Finance City Authority*) collaborated to elaborate two roadmaps:

- For aligning the Moroccan financial sector on sustainable development
- For the emergence of sustainable finance in Africa

The AMMC also launched the first continental initiative, aimed at fostering sustainable finance in Africa, "the Marrakech pledge". This initiative is a call for African regulators and exchanges to act collectively and individually to foster the development of sustainable finance in the continent. Up to now, it has more than 20 signatories, the latest one to join being the *Maritius Financial Services Commission* in September 2019.

In fulfillment of its commitments, the AMMC has published a series of voluntary guidelines aiming at :

- Increasing ecosystem awareness and capacity in the field of sustainable finance
- Providing practical guidance for structuring sustainable finance transactions on the Moroccan market
- Incentivizing market players to integrate sustainability in their respective activities
- Enhancing the transparency on ESG factors

Each of those guidelines was developed in alignment with international standards, while at the same time accounting for local market realities. They were also presented to the market and put under public scrutiny for gathering feedback, and making sure the proposed frameworks were adequate.

The market response to these efforts was very positive since we recorded 5 issuances of green and social bonds, totaling an approximate amount of 420 million Dollars.

In 2019, the AMMC transformed the voluntary guidelines into mandatory provisions that set the requirements for issuing securities labelled as sustainable (green, social or similar instruments), and subject all issuers to the publication of a yearly ESG report.

The Moroccan experience in sustainable finance has been widely recognized, as reflected in the progress made between the two first SBN progress reports. In addition, we have gladly taken part in fostering sustainable finance in other jurisdictions.

For example, the AMMC organized in November 2019, with the Toronto Center, a workshop on *Implementing Green Capital Markets* for the benefit of the Marrakech pledge signatories. At the end of the program, a “White Paper” compiling the best practices identified at the workshop and a set of recommendations for optimal implementation and development of green capital markets was published.

The AMMC has also voluntarily shared its experience and insight with other regulators to facilitate the elaboration or adoption of their respective frameworks. We have taken active roles in events organized by Georgia and South Africa, from which we will be hearing during today’s panel, as well as in several other countries.

Throughout this journey, networks such as SBN have played a central role in informing the AMMC decisions and planning for sustainable finance, by facilitating international collaboration, dialogue and experience sharing.

The members of SBN share a genuine commitment to move their financial sectors towards sustainability, improving resilience to ESG risks and increasing capital flows for financing the green transition.

However, sustainable finance is a field where the journey is more important than the final destination, if there is one. As emerging markets, we face common challenges in order to keep the momentum, such as:

- Further facilitating sustainable finance transactions on the market and leveling the playing field with other traditional finance segments
- Proposing a balanced mix of guidance, incentives and mandatory rules to foster the adoption of sustainability in various market activities such as asset management and banking
- Building capacity and engagement of market participants and policy makers

In this pursuit, members seek practical guidance and relevant benchmarks to inform their strategies and action plans, and SBN fills this need very well by fostering practical support and peer learning for the design and implementation of impactful national sustainable finance frameworks and policies.

The SBN flagship global progress reports constitute a unique platform to accelerate peer learning among members and define common approaches for developing enabling frameworks in their jurisdictions, thus reducing time and resources required. Indeed, under the pressing agenda for achieving the SDGs, building up on successful experiences globally is essential to keep up with the challenge. The progress reports are also a tool to drive and monitor measurable change locally, regionally and globally.

It is clear that sustainable finance initiatives and momentum can stem from different sources depending on the situation of each market. Some were led by policy-based approaches, while others by industry initiatives or a combination of the two. Sustainable finance is also evolving to encompass a wider scope of activities and initiatives, from standards and guidelines development to the monitoring and management of ESG risks on the market.

The measurement framework, backing the conclusions of the progress reports, was developed with the intent of capturing various aspects of the members' different approaches to sustainable finance development. In addition, it has been updated to keep pace with emerging trends and members shifting priorities.

The updated measurement framework for 2021, drawing on member case studies and international good practice references, provides for more qualitative inputs and thus is a comprehensive tool to map the achievements and plans of the member countries. The assessment is also based on a rigorous methodological approach to data collection, verification and analysis, overseen by the SBN secretariat.

So, as a co-chair of the SBN measurement working group, we are confident that the 2021 progress report, thanks to the members engagement and coordinators dedication, will provide up-to-date, accurate, relevant and useful insights, helping further streamline sustainable finance globally.

As per today's workshop, the agenda is very rich.

We will start by SBN coordinators, Ms. Louise Gardiner and M. Chris Frankel, who will provide an overview of the 2021 SBN Global Progress Report and key trends in sustainable finance in emerging markets.

Then we will have a panel session where experts, Ms. Salome Tvalodze and Mr. Yaseen Lockhat, will be sharing the experiences and insights of their respective markets, respectively Georgia and South Africa.

Also, and in accordance with the spirit and values of SBN, we want to hear from everybody, as each experience is full of useful teachings. So, we will have a 20 minutes session where the participants are invited to share their journeys and prospective insights.

Finally, an open Q&A session is also scheduled to answer your questions about the 2021 data collection and analysis approach.

I will conclude by warmly thanking the SBN secretariat and coordinators, Ms. Rong Zhang, Ms Louise Gardiner, Ms. Honglin li, Mr. Ricardo Ambrosini and all the other team members, for the tremendous work they do to make the SBN such a vibrant and lively platform for knowledge sharing and collaboration.

Without further ado, I wish you all a very productive workshop, and give the floor to Louise and Chris.

Thank you.