



## Seminar-Workshop on Environmental Governance Standards for Financial Institutions in Asia

October 3-5, 2006 • Cinnamon Grand Hotel • Colombo, Sri Lanka

A project of the:  
Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)  
In partnership with the:  
UNEP/Wuppertal Institute Collaborating Centre on Sustainable Consumption & Production  
University of Leeds - Sustainability Research Institute, School of Earth & Environment  
In cooperation with  
DFCC Bank  
With funding support from the:  
European Union Asia Pro Eco1 Programme

### Rationale

For many years, the banking sector in general did not consider "greening" the industry a relevant issue. Being in the non-polluting service sector, in contrast to the traditional industry sectors with high external environmental effects, banks were not the focus of discussion with regard to environmental issues.

The situation started to change in the early 90s. With the legal and stakeholder concerns such as lender liability on environmental misdeeds, plus a growing public awareness due to the leverage effect of investments, the banking sector faced new challenges. Environmental issues suddenly became a part of their daily business, consequently embracing new principles and practices of environmental performance evaluation, risk management, and due diligence.

In 1998, ADFIAP launched the "Greening the DFIs" project to promote and institute environmental due diligence in lending among its members. Initially supported by the US-Asia Environmental Partnership, a USAID initiative, ADFIAP ran capacity building programs, including Board-approved environmental policies, setting up of environmental monitoring units and achieving ISO 14001 certification. This present EU project will build on the experience of the "Greening" project.

### What is the Environmental Governance Standards Project (EGS)

The EGS is an EU-supported project that aims to support ADFIAP's "greening" project through an EU-Asia Environmental Governance Partnership that leads to the development and initial application of Environmental

Governance Standards (EGS) for financial sectors.

The project generated 2 research studies that will help financial institutions develop and integrate the EGS into their core businesses:

For the internal application within the financial institutions, an *Internal Environmental Monitoring System (IEMS)* that comprises of environmental management policies, tools and instruments, which would enable them to well manage their internal functions and operations;

As an external dimension, an *Environmental Rating Standard for Loan Appraisal and Project Finance (ERS)* as a set of concrete measures for integrating environmental issues in established risk assessment procedures in lending to borrower-clients.

### The Objectives

- To implement an institutional change program in participating financial institutions, as well as build their capacities by installing and implementing the EGS in their institutions.
- To operate the EGS in the financial marketplace where participating financial institutions operate.
- To implement a communication plan to share and advocate learning gained from the project

### Who Will Benefit from the Training Program?

The target group consists of more than 30 participants, mostly senior level officers and managers and/or those

assigned/elected as environmental officers coming from banks and other financial institutions, regulators and legal authorities in Sri Lanka.

### Program Duration

3 days

### Resource Persons

**Ms. Burcu Tuncer**  
Project Manager  
UNEP/Wuppertal Institute  
Collaborating on Sustainable  
Consumption & Production  
Wuppertal, Germany

**Dr. Frank Figge**  
Professor of Corporate Social  
Responsibility  
St Andrews University & Sustainable  
Development Research Centre  
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Through the generous funding of the European Commission, no fee is required for the participation in the 3-day seminar-workshop.

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