

FAST FACTS

About the EGS for DFIs Project

- Approved in July 2005 by the EU under its Asia Pro Eco Programme, the 18-month, €346,446 grant project on Environmental Governance Standards (EGS) for Development Finance Institutions (DFIs) in Asia supports the "greening" of the banking and finance sector in the region through the development and implementation of capacity-building activities and resources on internal environmental management system (IEMS) and environmental rating standard for loan appraisal and project finance (ERS).

- Main target beneficiaries of the project are the 67 member-institutions of ADFIAP in 33 countries across Asia and the Pacific. Other non-member financial institutions, including commercial banks, will also be invited to attend the scheduled seminars and workshops, and receive knowledge resources developed under the project.

- Major project proponents:



The Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) is the focal point of all development banks and other financial institutions engaged in financing sustainable development in the Asia-Pacific region. (www.adfiap.org)



UNEP/Wuppertal Institute Collaborating Centre on Sustainable Consumption and Production develops environmental policy guidelines, strategies, and instruments to promote sustainability at regional, national and international levels. (www.scp-centre.org)



Sustainability Research Institute (SRI), School of Earth & Environment, University of Leeds (UK) is comprised of different research groups and is one of the largest sustainable business research groups in Europe. Sustainable finance is one of the areas of expertise of SRI. (www.leeds.ac.uk)

MYTH.

Financial institutions are in a non-polluting service sector and can afford to ignore the environmental and social impact of their operations.

FACT.

It is a must for all financial institutions to consider environmental and social dimensions because it makes perfect business sense.

Why go GREEN:

IT IMPROVES PROFIT WHILE HELPING THE ENVIRONMENT.

Financial institutions are exposed to all sorts of direct and indirect risks: credit risk, collateral risks, lender liability risks, reputational risk, to name a few. Systematically instituting internal environmental management system (IEMS) and environmental rating standard for loan appraisal and project finance (ERS) will reduce these risks and save on operational costs. This consequently improves profitability and helps Mother Nature.

IT OPENS DOORS TO NEW PRODUCT OFFERINGS.

Innovative institutions can benefit from the breed of "green financial services" in the market today, as well as develop new product offerings for their existing and potential customers.

IT ENHANCES YOUR REPUTATION AND CREDIBILITY WITH STAKEHOLDERS.

To maintain credibility with and earn recognition from clients and stakeholders, financial institutions are expected to mind and manage their environmental and social responsibilities to their employees, and the community they serve.



Adopting Environmental Governance Standards in Financing Sustainable Development



For more details on the EGS and the research studies, go to the EGS website: www.egs-asia.com

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Why think GREEN when you think of GREENbacks?

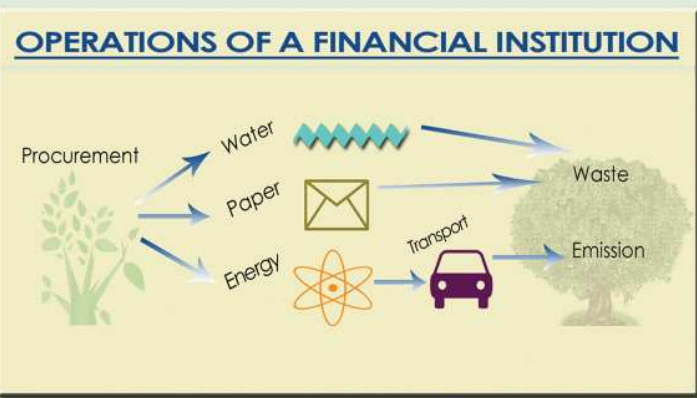
Because you MUST.

Financial institutions are now being measured in terms of how they integrate the ethos of sustainable development into their governance approach, and most importantly, how they then drive it through their core activities.

The EU-supported project, the *Environmental Governance Standards (EGS) for Development Financing Institutions in Asia*, generated two research studies that will help financial institutions develop and integrate the EGS into their core businesses.

The studies were an offshoot of the activities under the EGS project and were presented to ADFIAP member-institutions at two working conferences held in Hanoi, Vietnam and Mumbai, India in March and June, respectively. ADFIAP, with the help of the UNEP/Wuppertal Institute's CSCP, and the University of Leeds' SRI, are developing a resource book and a training guidebook that will guide financial institutions on implementing EGS in their marketplace.

“ADFIAP's collective and responsive effort to pursue sustainable development through its adherence to the principles of a safe and clean environment, not only as part of good corporate citizenship, but more importantly, as integral part of sound business practice.”
ADFIAP Board of Directors



Internal Environmental Management System (IEMS)

Before becoming a truly “green bank,” a financial institution must first be “green” inside.

The IEMS deals with the establishment and adoption of a well thought-out and organized series of activities and performance monitoring tools on the INTERNAL operations of a financial institution. These include: lighting and airconditioning in the workplace; resources that use up energy, paper, and water; transport emission and waste materials; and “green procurement” of goods and services (see above illustration). Among these, energy consumption and business travel have the greatest environmental relevance.

The IEMS reference and guidebook will show how this can be done within the organization, benchmarked against best industry practices of European financial institutions. IEMS indicators will cover nine aspects: materials, energy, water, solid waste, transport, emissions to air, facility management, green procurement, and supply chain management and training. This will be developed with the assistance of Germany's UNEP/Wuppertal Institute's CSCP.

ACTIVITIES UNDER THE EGS PROJECT

Research on IEMS in European financial institutions	Germany
Research on ERS in European financial institutions	United Kingdom
Technical Experts Conference	Philippines
Partners Meeting	Germany
First Working Conference	Vietnam
Second Working Conference	India
Four National Workshops	Thailand, China, Malaysia, Sri Lanka

Environmental Rating Standard for Loan Appraisal & Project Finance (ERS)

A total “green bank” encourages its clients to be “green” as well.

The ERS aims to develop a set of guidelines and tools to help lending officers effectively assess environmental risks associated with granting credit to clients.

A “decision tree” on the environmental loan assessment process will be structured along a five-step process that will consider the proposed project's economic and environmental relevance, and other issues.

The ERS will also have a resource book and “how-to” manual using best practices in Europe. These resources will be designed to help financial institutions manage and mitigate direct and indirect risks as a result of environmental issues, as well as reputational risks from being identified with financing projects that pose environmental harm.

Below is an example of a “decision tree” on the environmental loan assessment process, presented at the EGS working conference by the Sustainability Research Institute (SRI), School of Earth & Environment of the University of Leeds.

