

The role of Banque du Liban in Sustainable Finance



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H.E. Mr. Riad Touffic Salame Governor of BDL

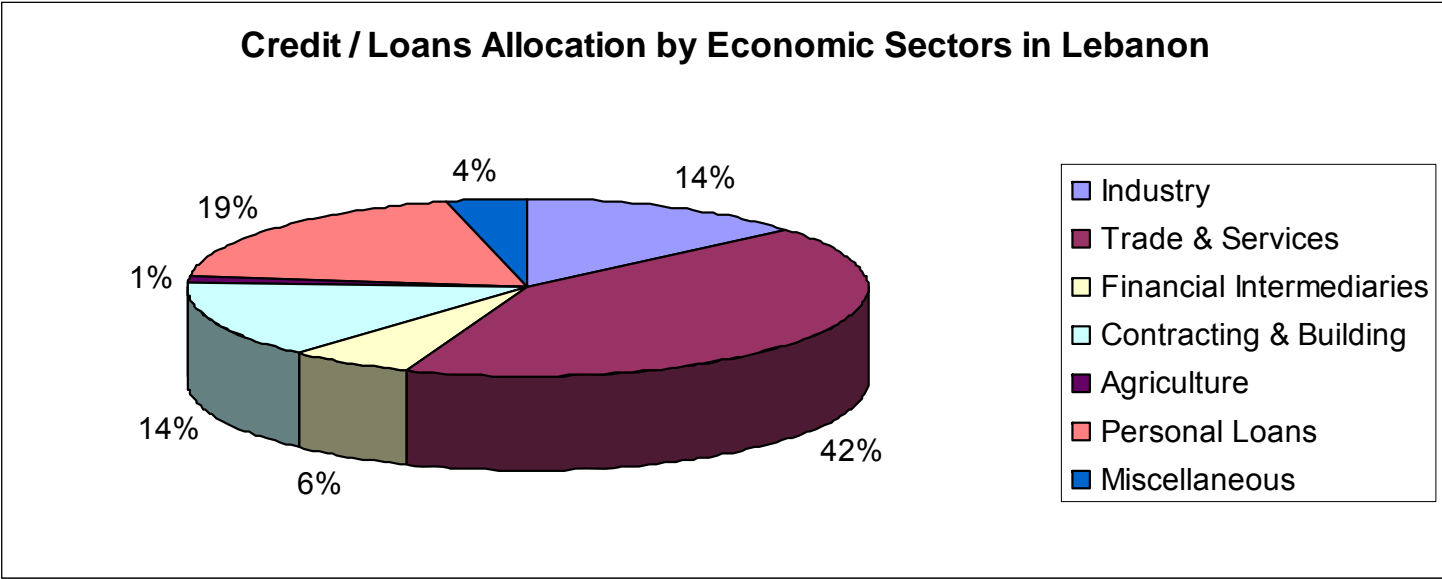
“The positive trend in Lebanon pushed BDL to issue new circulars encouraging lending, especially for environmentally friendly projects that are considered to be the wheel of the economy reflecting the touristic side of Lebanon and contributing to the improvement of its health conditions.”

رياض توفيق سلامه حاكم مصرف لبنان



”ان المعطيات الايجابية المتعلقة بلبنان دفعت المصرف المركزي الى اصدار تعاميم جديدة تشجع التسليف المصرفي وتعززه بكفالة مقبولة. وانسحبت هذه التعاميم ايضا الى تمويل المشاريع الصديقة للبيئة التي تعتبر محركاً للاقتصاد وترسم وجهها افضل للبنان سياحيا وتحسن الوضع الصحي“

Credit loans allocation in Lebanon

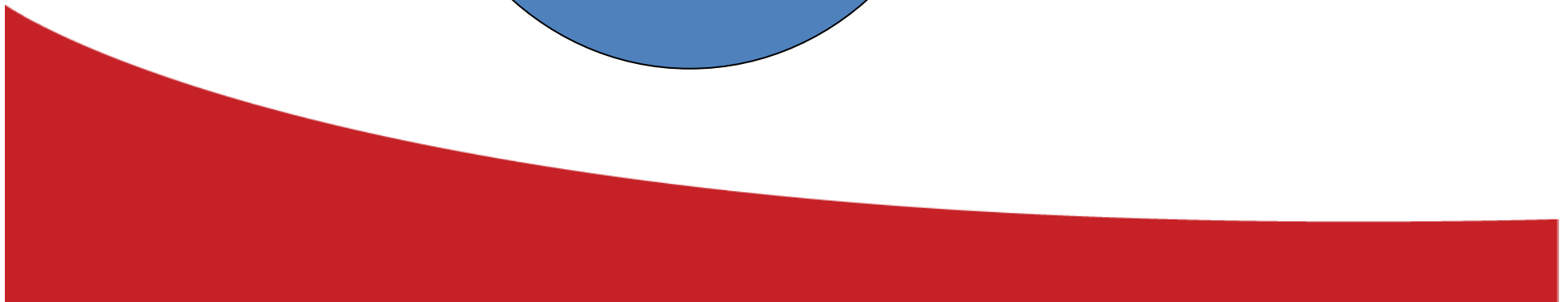
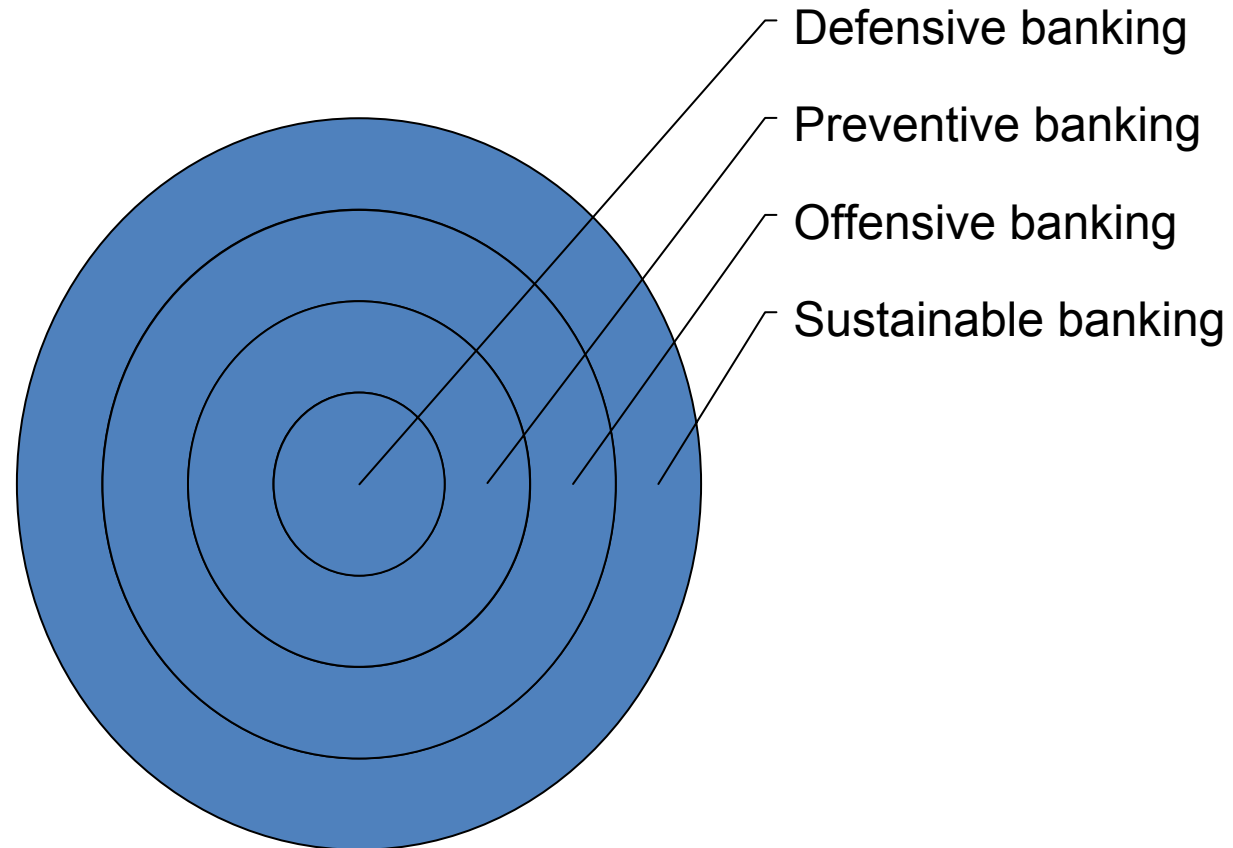


Why Sustainable Finance?

Current developments on financial markets show **growing interest** for both Socially Responsible Investments (SRI) and Sustainable Corporate Responsibility (SCR). Finance urgently needs a 'sustainability approach' to connect the initiatives from the CSR companies with the investor preferences of the SRI capital market.



The ultimate goal is sustainable banking!



Role of Banks in Sustainable Development

- Banks could be agents of positive or negative change depending on what level of social responsibility they actually exercise
- If the banking sector starts actually encouraging and facilitating the creation of new mechanisms that would help investors to move into green projects by taking into consideration employment and the use of technology, then banks would have really played a significant role in creating the shift we need to move forward.



Banking sector & sustainable development

Banks can rely on Basel II guidelines in their campaigns for Environmental Protection:

1. Strategic objectives & corporate values should be established.
2. Clear lines of responsibility & accountability should be set & enforced.
3. Board members should be qualified, understand clearly their role and not be subject to undue influence from management or anti-environmental concerns.
4. Appropriate oversight by senior management should be implemented.



Water challenge in Lebanon

- Availability and supply of water and sanitation is becoming a very stressful factor for the development of our region.
- Water resources are unevenly distributed in space and time, and projections show that the demand for water will increase considerably in the near future
- Lebanon faces significant challenges in meeting the country's water demand on quantity and quality.



Role of the Banking Sector



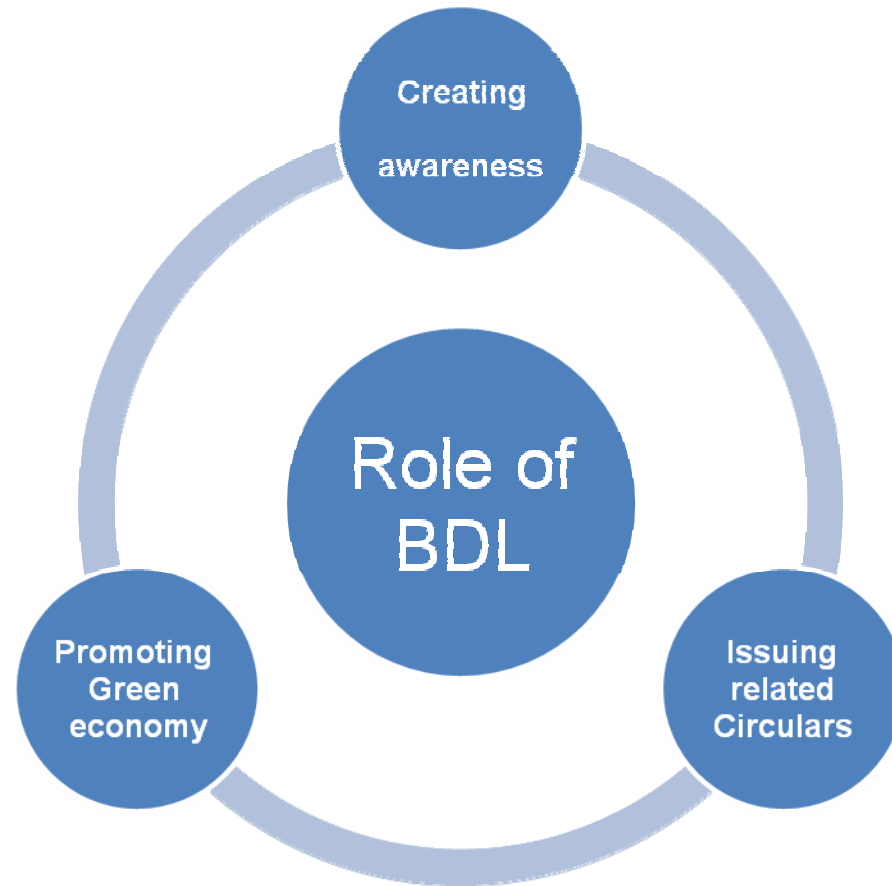
The Lebanese banking sector is one of the strongest in the world today, and economic indicators show that there is a great availability of funding for this purpose, Lebanese banks, the backbone of the economy, have massed large assets and customer deposits over the past few years despite the global credit squeeze. It is estimated that the total deposits of Lebanese banks was more than \$82 billion in 2009 these funds should be utilized in the best interest of people and for the betterment of their lives. The Central Bank provides the regulatory framework that actually helps us move forward and the banking sector helps people get the necessary financing required for the economy to move forward through green approaches and access to water and sanitation.

The process for success

- Identification of need
- Initiation of a constructive dialogue with partners
- Issuance of related circulars
- Creation of required administrative framework
- Promotion, awareness raising and support for implementation by the commercial banks



Supporting role of BDL in promoting Sustainable Finance



Support of BDL in promoting Sustainable Finance

❖ Raising awareness:



Seminars and conferences on issues related to sustainable development for Central Bankers, commercial banks, and financial institutions, NGOs and the public sector, organized in cooperation with international entities as UNDP, GWP – Med, IFC, SMAP, and others ...

Support of BDL in promoting Sustainable Finance


❖ Issuing related circulars:

In support of his policy to promote sustainable development , H.E. the Governor of BDL has enforced amendments to **decree no 7835** related to decrease from total long term liabilities subjected to legal reserve requirements from foreign currency loans balance to finance investments in environmentally friendly projects , green architecture projects, ecotourism, recycling, renewable energy projects.



Support of BDL in promoting Sustainable Finance

❖ Promoting a “green” economy

- Facilitating “green” and rural development
 - Facilitating micro-enterprise development
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Conclusion

We believe it is not only advisable for Commercial Banks to finance new projects related to “green economy activities” such as renewable energy, clean production technology, water, and related projects, but also to encourage existing loans that finance projects to apply environmental and social criteria by giving additional incentives to the banks i.e. further decreasing Legal Reserve Requirements & subsidized interests.



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Thank You!

