

UNION OF ARAB BANKS RECOMMENDS TRANSITION TO GREEN BANKING

Arab bankers and representatives of central banks pledged at a forum they convened on 26-29 July 2018 in Hurghada, Egypt, to work together to develop a regulatory framework to encourage the Arab financial sector to actively contribute to financing sustainable development projects. The meeting, organized by Union of Arab Banks (UAB), in cooperation with the Central Bank of Egypt, was held under the topic: Green Banking- the Road to Sustainable Development. AFED presented to the meeting draft of its report on Financing Sustainable Development in Arab Countries, and held consultations on its findings, which were reflected in the recommendations. Here are the full recommendations of UAB Forum:

- Urge central banks to start preparing a regulatory framework for banks operating in the Arab region to take into account the objectives of sustainable development and green banking while practicing various banking activities, with a specific timetable for implementation according to international best practices and standards.
- Form a working group whose members are responsible for the green banking and sustainable development of their institutions and members of the Union of Arab Banks and the associations of local banks to meet periodically to discuss what has been achieved in the field of green banking and sustainable development, as well as identify challenges and share experiences and prepare strategies and future goals.
- Adopt the goal of a shift towards green banking within Arab banks strategic objectives and establish an independent department for sustainable development in each bank.
- Urge Arab banks to develop a training plan to raise awareness among employees about green banking and environmentally-friendly practices in order to encourage them to apply these practices.
- Adopt a mechanism to develop and introduce green products within the Arab Bank's current portfolio, with emphasis on supporting green SMEs as part of the Bank's target groups.
- Encourage Arab banks to support renewable energy projects and environmentally-friendly technologies, and to fully change lighting in all their branches to energy-saving lighting systems, and support the spread of solar-generated electricity systems and encourage institutions and individuals to shift to renewable energy through the provision of funding.
- Urge the Arab banks to continue the efforts in the field of financial inclusion, due to its vital role in the transition to green banking and achieving sustainability.
- Integrate the objectives and policies among banks and other stakeholders in such a way that contributes to achieving the goals of sustainable development 2030.

Nonetheless, challenges for achieving the SDGs and bridging the financing gap can be transformed into a business opportunity: to create new businesses, to cut the cost of impact delivery and to generate economic, environmental and social benefits to society. This is a fertile ground for defining a new set of valuable economic interactions between the public and private sector. The UNEP Finance Initiative calls this an impact-based economy. Moreover, UNEP's Green Economy Initiative advocates a sustainable path for development based on emphasizing investments in human and natural resource capital as the core for achieving human welfare and securing the continuity of growth. UNEP believes that a global transition towards a green economy will require substantial redirection of investments to increase the current level of public and private sector flows to key priority areas, the bulk of which will need to be mobilized through financial markets. Recent years witnessed the start of a shift in the behavior of investors, who are increasingly moving from responsible investment based on a passive do-no-harm approach, to sustainable investment based on actively investing in solutions to sustainability challenges.