STATE BANK OF VIETNAM

Development of Environmental and Social Risk Management Guidelines for the banking sector in Vietnam

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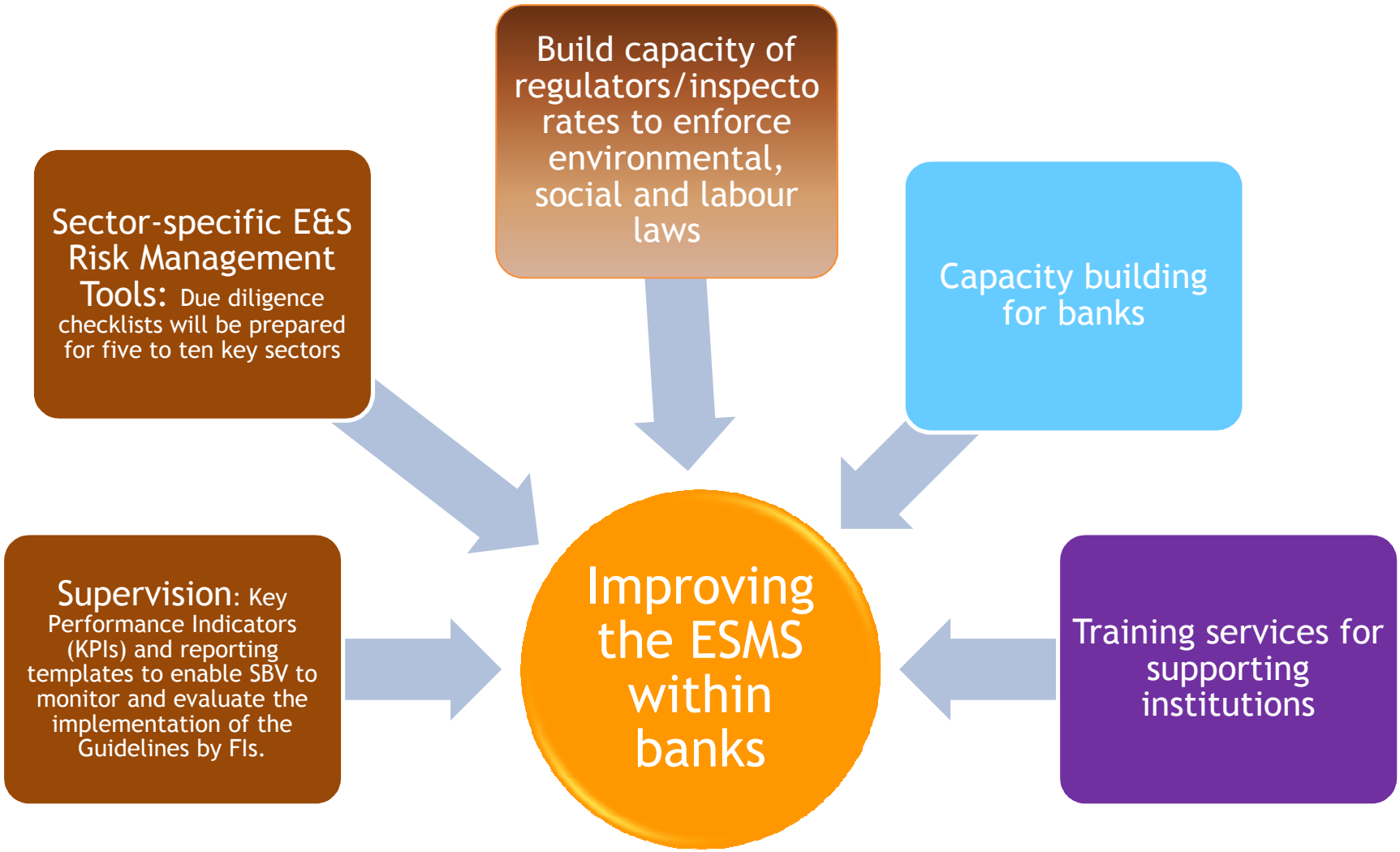
Vietnam and Sustainability

- Vietnam is one of the most vulnerable countries to the effects of climate change
- On 7th March 2012, Vietnam has launched a National Climate Change Strategy which emphasizes the inter-linkages between climate change and sustainable development
- In 2004, Vietnam had adopted the Vietnam Agenda 21 which aimed at improving the environment sustainability
- Law on Environmental Protection aims at preserving a healthy, clean and beautiful environment, improving the environment, ensuring ecological balance, preventing and overcoming adverse impacts of human and nature on the environment
- MPI had led the development of the Green Growth Strategy for the period 2011-2020 and vision to 2050, at the Prime Minister's request
- The financial and banking sector needs to respond to this mission!

Development of E&S Risk Management Guidelines

- As a Circular (regulation by SBV) which should cover:
  - ✓Principles and criteria for Fis to categorize loans and investment activities based on E&S risks and to identify loans and investment activities which are required for E&S risk appraisal.
  - ✓General guidance on approaches to managing E&S risk within the FIs (how to set up the interal process, customer services ...)
- Drafting and industry consultation of the Guidelines (Q4 2013-Q1 2014)
- The Guidelines to be issued and effective as of Mid-2014
- Banks start reporting back to SBV end of 2015
- Capacity building for FIs on the ESRM guideline implementation (2014 – 2015)

To get the new Circular enforced



Capacity building for FIs

- Gap analysis at bank level: help banks to understand what and where to start/improve
- Awareness raising activities for bank leadership and management
- External expertise to help set up ESRM system
- Technical training for bank senior and staff