Nigerian Sustainable Banking Principles – Sector Guidelines
The Sustainable Banking Principles and guidelines are “stepping stones” to guide the Nigerian financial sector in moving toward better practices of managing environmental and social risks, while also promoting “green” finance to support good business opportunities.

*Nigerian Sustainable Banking Principles*
Nigerian Sustainable Banking Principles

- The principles came into effect in July 2012
- Developed by the Bankers’ Committee with support from the CBN and International DFIs
- Nine banking principles
- Three sector guidelines
- Applicable to all banks, discount houses and development finance institutions
Nigerian Sustainable Banking Principles

Principle 1 | Our Business Activities¹: Environmental and Social Risk Management
We will integrate environmental and social considerations into decision-making processes relating to our Business Activities to avoid, minimise or offset negative impacts.

Principle 2 | Our Business Operations²: Environmental and Social Footprint³
We will avoid, minimise or offset the negative impacts of our Business Operations on the environment and local communities in which we operate and, where possible, promote positive impacts.

Principle 3 | Human Rights
We will respect human rights in our Business Operations and Business Activities.

Principle 4 | Women’s Economic Empowerment
We will promote women’s economic empowerment through a gender inclusive workplace culture in our Business Operations and seek to provide products and services designed specifically for women through our Business Activities.

Principle 5 | Financial Inclusion
We will promote financial inclusion, seeking to provide financial services to individuals and communities that traditionally have had limited or no access to the formal financial sector.
Nigerian Sustainable Banking Principles

Principle 6 | E&S Governance
We will implement robust and transparent E&S governance practices in our respective institutions and assess the E&S governance practices of our clients.

Principle 7 | Capacity Building
We will develop individual institutional and sector capacity necessary to identify, assess and manage the environmental and social risks and opportunities associated with our Business Activities and Business Operations.

Principle 8 | Collaborative Partnerships
We will collaborate across the sector and leverage international partnerships to accelerate our collective progress and move the sector as one, ensuring our approach is consistent with international standards and Nigerian development needs.

Principle 9 | Reporting
We will regularly review and report on our progress in meeting these Principles at the individual institution and sector level.
### Implementation Timeline

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**Involvement in International Sustainability Initiatives**
**Participation in Sustainable Banking Communities of Practice**
Sector Guidelines

Agriculture          Power          Oil & Gas

Three key sectors in Nigeria, important to the economy:
• **Agriculture** – important for food security and an area of growth
• **Power** – important to drive the much-needed development
• **Oil & Gas** – major sector in Nigeria with huge footprint across the Niger Delta and associated E&S impacts which have brought about significant degradation of the environment and livelihoods
• These three sectors can have significant adverse E&S impacts
The objectives of the guidelines are to:

• Assist banks in the identification and management of E&S risks associated with the provision of financial products and services to these key strategic Nigerian sectors;

• Provide additional sector-specific guidance to supplement the Nigerian Sustainable Banking Principles Guidance Note; and

• Ensure that banks adopt relevant international standards and best practices in the management of their E&S risk exposures.
• Best Practice
  – Sector-specific best practice e.g.:
    • Electricity Governance Initiative (EGI)
    • Extractive Industries Transparency Initiative (EITI)
    • Petroleum Industry Environmental Conservation Association (IPIECA)
    • Agricultural Transformation Agenda
    • Vision 2020
Sector Guidelines – Structure & Content

• Banking Requirements for Sector Financing
  – E&S due diligence
  – Compliance with national laws and sector-specific requirements
• Risk Categorization Guidelines
• Client Engagement and Monitoring
• Sector E&S Reporting
NSBP Sector Guidelines – Opportunities

• E &S leadership role - He who pays the piper dictates the tune
• Level playing field, information sharing, & creating awareness
• Knowledge of environmental & social issues of bank customers’ operational activities
• Flexibility to expand/modify existing sector guidelines
• Capacity building to develop in-house competencies
• Application of NSBP to customers’ business activities
• Business case for renewable energy, clean technology, biomass, energy efficient appliances, etc.
• Overall contribution to sustainable development
NSBP Sector Guidelines – Opportunities

Benefits to Financial institutions:

• Systematic and consistent approach to E&S issues
• High impact on cost/benefit ratio
• Improved risk control (Reduction of Liability Risk)
• Better communications with clients and other stakeholders
• Greater brand value and loyalty, corporate reputation enhancement
• Improved access to international capital markets and funding from MFIs and DFIs
NSBP Sector Guidelines – Challenges

• Who pays for the E & S bill?
• Weak & multiple regulatory framework, ineffective enforcement mechanisms
• Lack of manpower capacity within the financial service sector
• CBN tight reporting schedules
• Credit approval timeline, deadlines and approval process
• Additional sector guidelines needed
Proposed areas for introduction of new sector guidelines

Manufacturing
Mining
Construction (Real Estate)
Healthcare delivery
Hotel & tourism
Telecommunications
Maritime
Transport & Logistics (Aviation, Road Haulage, etc)
Retail trade services
To thrive, or even just to survive, businesses increasingly need to understand the root causes of what affects their operations, not just the symptoms.

KPMG (2012)  
Expect the Unexpected: Building Business Value in a Changing World

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About Us

**Rosebank Consulting** provides a refreshing perspective and integrated practical approach towards addressing Africa’s challenging Environmental and Social issues (including Health & Safety), across a wide number of industries.

We are a Pan African Consultancy in outlook, composition and orientation.

Our dedicated Consultancy Services to clients are anchored on the following broad themes -

- Environmental Management
- Sustainable Development
- Social Responsibility
Thank you for your attention

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