

INTERNSHIP REPORT ON IDLC FINANCE LIMITED

Topic: GREEN FINANCE

Towards a Better Future

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Letter of Transmittal

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Subject: Internship Report Submission

Dear Sir

I am pleased to forward you the Internship Report on Green Financing of IDLC Finance Limited.

It has been a unique experience to carry out such a research work. And also this was an opportunity for me to enrich my knowledge having an acquaintance with the practice that will help me a lot in my career. I have tried my best to make this report informative. However, despite my best effort, there may remain some flaws in the report. I hope and pray that the mistakes will be kindly excused.

Thank You

Yours Faithfully

Jannatul Ferdous Munmun

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Executive Summery

Banks are financial institution which can play an outstanding role between sustainable economic growth and environmental protection in order to prove themselves as environment friendly and socially accountable institution. For promoting this there is nothing but "Green Financing" which is the most talked topic in the recent Financing activities and responsibilities. Green Financing refers to the Financing business conducted in selected area and technique that helps the reduction of carbon emission surrounds the world. To aid the reduction of carbon emission bank should finance green technology and pollution reducing sectors. Green finance is an integral part of Green Financing that makes a great contribution to the transition to resource-efficient and low carbon industries. Green Financing is certainly a new initiative throughout the world. The leading bankers and entrepreneurs have come forward to protect human being from environmental disasters. In the context of Bangladesh, if we think about it, we will find the situation to be terrible. Our people have little awareness about environment pollution and they do not understand the severe consequences of this pollution which will create an unexpected trouble in the coming decades. Being a financial institution, IDLC is in a much better position to promote sustainable business practices among its stakeholder groups, especially our clients and employees. As such, IDLC has always been keen to commit its resources not only to maximize its own profitability, but also to offer better quality of life to both its internal and external stakeholder groups. As part of this practice, IDLC is renewing its commitment to contribute towards greater environmental and social sustainability by undertaking a number of initiatives in various areas. Initially staring within our own organization, IDLC will eventually reach out to its external stakeholder groups as well.

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Chapter One: Introduction

1. Objectives of the Study

Green Financing has some objectives and aims. Major important objectives of the study are as follows:

- To study the concept of Green Financing
- To identify the specific steps to adopt green financing properly
- To evaluate and estimate the green Financing practices in Bangladesh
- To create awareness and importance of green financing among businessmen and general people
- To create new financial products and services that support environment friendly projects and industries which ensure environmental benefits.

2. Research Methodology and Limitation

The present study is analytical and conceptual in nature based on the secondary data. The secondary data has been collected from various newspapers, magazines, internet and NBFIs websites, Bangladesh Bank websites and reviews etc. Additionally, different working papers, journals and articles have been pursued enriching the literature of the study. To find out various green financing practices nationally and internationally, the websites of the respective banks have been utilized and studied. An intensive desk research has been undertaken to collect published data. The collected data are analyzed in the perspective of progress and adequacy of green financing activities in Bangladesh compared to the global endeavors. The major limitation of the study is that no primary data is involved in the study.

Rationale of the Study

In the age of global warming and climate change, delivering right services are not enough for clients but also practicing of green financing concept for friendly environmental issue as the corporate social responsibility (CSR) is inevitable to the target customer or clients and for sinking of global warming.

Justification of the Study

Bangladesh is one of the least developed countries (LDCs) where natural calamities are a common phenomenon, which often causes huge losses. Even climate change impacts are high in our country, which needs proper dealing and management, effective guidance from all quarters, especially from banks. Green banks involve pursuing financial and business policies that are friendly to environment. The Bangladesh Bank has shown keen interest in it, and as such formulated guidelines in this respect, and encourages the scheduled banks to take measures to create a congenial atmosphere through 'green Financing methodology'. Green Financing can also reduce the need for expensive branch-Financing and customer services.

Bangladesh Bank has set examples for others by pioneering green financing initiatives while BB has been proactively guiding the banks and NBFIs for diverse sustainable Financing initiatives since 2011. In such aspect, green financing initiatives of BB broadly categorized into the following aspects: policy initiatives, monitoring the green financing activities of banks and NBFIs, refinancing facilities from BB in diverse green products/sectors and BB's own initiatives for environmental management.

Energy Consciousness: Developing energy- consciousness, using compact fluorescent lighting (CFL), giving emphasis on solar system can help banks save energy consumption considerably.

A total amount of Taka 503.2 billion was disbursed during FY16 by 46 banks and NBFIs involved in green finance. Sector-wise contribution of the total green finance shows that the PCBs played the main role (80.4 percent) followed by FCBs (15.6 percent), NBFIs (3.4 percent), SCBs (0.6 percent) and DFIs (0.01 percent).

To broaden the financing avenue for green products like solar energy, bio-gas plant and effluent treatment plant, etc., BB constructed a revolving refinance scheme amounting to Taka 2.0 billion from its own fund for six green products in 2009. Till FY16, BB has enhanced the product line under this scheme from 6 to

50 and segregated these products into 11 categories which include renewable energy, energy efficiency, solid waste management, liquid waste management, alternative energy, fire burnt brick, non fire block brick, recycling & recyclable product, green industry, ensuring safety and work environment of factories and miscellaneous. The cumulative amount refinanced under the scheme up to June 2016 stood at Taka 2811.7 million. Total disbursement of refinance scheme for green products through BB increased by 133.7 percent to Taka 919.7 million in FY16 which was Taka 393.5 million in FY15. The disbursement trend of this fund is given in Table 6.4 and Chart 6.1. In September 2014, BB introduced a refinance scheme funded by liquidity of Shariah based banks and NBFIs in excess of their requirement which will be explicitly utilised for direct green finance of the said banks and NBFIs. These banks and NBFIs can utilise this fund for financing in 50 products identified under BB refinance scheme. Under this scheme, four banks and one NBFIs have signed participation agreement with BB till 30 June 2016. A total of 37 banks and 22 FIs have so far signed participation agreements to provide loans.

As per the recent master circular, banks can charge 8 per cent interest on five-year loans of the scheme, 8.5 per cent in the case of five to eight year period and 9 per cent for above eight years.

If the bank provides the loan through agents or outsourcing or Micro Finance Institution (MFI), the interest rate will be 9, 9.5 and 10 per cent respectively, the circular said.

But the interest rate will be 7 per cent when it comes to the financing for the solar irrigation pumping system, the circular added.

But BB takes only 5 per cent interest from the banks and FIs.

Chapter 2:

IDLC-at a glance

2.1 Company Profile:

Over the past few years, the Bangladesh Bank has engaged the country's financial sector in the promotion of inclusive, environmentally sustainable financing. This has helped the Bangladesh economy to maintain over 6% annual average GDP growth from 2011-2014. However, the population is relatively young, so in order for this expanding labor force to find employment, opportunities need to be created by both public and private sector, and as such IDLC has identified SMEs as an area of focus. The company is also committed to sustainable business practices and strong financial performance. Over the past 30 years IDLC has become the largest multi-product multi-segment Non-Banking Financial Institution in Bangladesh and one of the blue-chip companies on local stock markets. The business which started in 1986 with five staff members has today evolved into a multi-product US\$750 million business. IDLC is today represented in 31 branches & booths in 15 cities with over 1,200 staff.

<u>2.2 Formation of IDLC :</u>	
1985	Incorporation of the Company
1986	Commencement of Leasing Business
1986	Signing of First Lease
1990	Establishment of branch in the port city Chittagong
1993	Listing in Dhaka Stock Exchange
1994	Licensed by Bangladesh Bank for deposit taking
1995	Licensed as Non-Banking Financial Institution under the Financial Institutions Act, 1993 of Bangladesh Bank
1995	Licensed by Bangladesh Bank as off-shore financier in Export Processing Zones
1996	Listing in Chittagong Stock Exchange
1997	Commencement of House Finance and Short Term Finance operations
1998	Licensed as Merchant Banker by Securities and Exchange Commission
1999	Commencement of Corporate Financing and Merchant Banking operation
2002	Launching of Retail Deposit Products
2004	Opening of First Retail Focused Branch in Dhaka
2004	Launching of Cap Invest

2005	Introducing Securitization by securitizing BDT 190 million (US \$ 3.01 million)
2005	Strategic Alliance with SBI Capital Markets Ltd.
2005	Introduction of Home Loan Shield – the first in the market
2006	Opening Merchant Banking Branch in the port city Chittagong
2006	Relocation of company's Registered and Corporate Head Office at own premises
2006	Commencement of operation of IDLC Securities Limited, a wholly owned subsidiary of IDLC.
2007	Launching of Discretionary Portfolio Management Service "Managed Cap Invest"
2007	Company name changed to IDLC Finance Limited
2007	IDLC Securities Limited Chittagong Branch Opened
2007	IDLC bags ICAB national award 2006
2007	IDLC Receives first ICMA National best corporate award 2007
2007	IDLC Securities Limited Mohakhali Branch Opened
2008	IDLC Finance & Securities Sylhet Branch Opened

2.3 Company Chronicle:

2009	IDLC finance Ltd. Sylhet branch opened
2009	Gazipur SME Booth is opened
2009	Imamganj SME Booth is opened
2010	Narayanganj Branch is opened
2010	Comilla Branch is opened
2010	Narshingdi Branch is opened
2010	Keraniganj Branch is opened
2011	Opening of Branch at mirpur
2011	Opening of Branch at Tongi

2011	IDLC Investment Ltd. Commences operations
2012	Jessore Branch is opened
2012	IDLC Finance Ltd. Achieved “AAA” credit rating.

2.4 Company Values:

- ✚ Integrity
- ✚ Customer Focus
- ✚ Equal Opportunity
- ✚ Trust and Respect
- ✚ Passion
- ✚ Simplicity
- ✚ Eco-Friendly

2.5 Our range of products and services:

2.5.1 Small and Medium Enterprises (SME) Finance

➤ Small Enterprise Finance	➤ Medium Enterprise Finance	➤ Supplier and Distributor Finance
✚ Small Enterprise Loan/ Lease	✚ Medium Enterprise Loan/ Lease	✚ Factoring of Accounts Receivable
✚ Seasonal Loan	✚ Commercial Space Loan	✚ Bill/ Invoice Discounting
✚ IDLC Purnota - Women Entrepreneur Loan	✚ Commercial Vehicle Finance	✚ Work Order Financing
✚ SME Shachal Loan	✚ Machinery Lease	✚ Distributor Financing
✚ SME Surakkha	✚ Healthcare Finance	
✚ Revolving Short Term Loan	✚ Commercial Vehicle Loan	
✚ Commercial Space Loan	✚ Revolving Short Term Loan	
✚ Commercial Vehicle Loan		
✚ IDLC Udbhabon		
✚ SME Deposit		

2.5.2 Corporate Finance

Corporate Finance	Structured Finance Solutions	Green Financing Solutions
✚ Lease Financing	✚ Structured Finance Solutions/ Arrangement of	Over 50 products offered under Green Financing and Sustainable Finance as per Bangladesh Bank Green Re-finance scheme
✚ Term Loan Financing	✚ Loan/ Lease Syndication	

✚ Commercial Space Financing	✚ Syndicated Fund raising for Bonds	
✚ Project Financing	✚ Arrangement of Commercial Paper, Preference Shares, foreign currency loans etc	
✚ Short Term Loans (to meet working capital requirements)	✚ Securitization of Assets	
✚ Green Financing	✚ Working Capital Syndication	
✚ Specialized Products (for meeting seasonal demand)	✚ Corporate Advisory/ other services	

2.5.3 Capital Markets Operations:

IDLC Securities Limited	IDLC Investments Limited	IDLC Asset Management Limited
✚ Cash Account	✚ Margin Loan	✚ Mutual Funds
✚ Margin Account through IDLC Investments Limited and other enlisted merchant banks	✚ Discretionary Portfolio Management Services	✚ Alternative Investment Services
✚ Easy IPO		
✚ Premium Brokerage for High Net worth Individuals (HNIs) and institutional and foreign investors Services		

2.5.4 Consumer Finance

Loans	Deposit
Home Loans	Flexible Term Deposit Package
Car Loans	Regular Earner Package
Personal Loans	
Loan against Deposit	

Chapter 3

Internship Experience

The experiences of working as a part at IDLC Finance Limited were fascinating and the experience I got was enough to mold me as I advanced into my career. This paper has been prepared in order to establish the events that took place in IDLC Finance Limited where I worked as an employee but during my internship period I got to learn different wings of IDLC Finance limited. It is a reflection showing the experiences during the period.

I think that an internship is extremely valuable to a student. It is a small taste of the real world. It helped reinforce my knowledge of responsibility, focus, drive and ambition. It is important for people to involve themselves in internship programs in order to be in a position of understanding the important aspect of the work. In the study of business management, individuals are usually encouraged to associate with other people so that they would be in a position of gaining experience in the field. It is for this reason that I had the opportunity of getting a position as a part of IDLC Finance Limited.

In order to have an accurate representation of the nature of the work I was given, I embarked on different methodologies and strategies. The primary methodology included direct conversation and confrontation between me and the various department representatives and the clients. This was through face-to-face

conversation, which was accompanied by a collection of opinions using questionnaires. Moreover, I had the opportunity of observing the heads of different departments reacting to issues which affected their departments directly. The secondary sources of knowing more about the issues taking place in the organization were facilitated with the use of reading various records associated with the organization. They include journals, books, brochures and websites. Newsletters, appraisal forms of performances and personal files also helped in ensuring that the correct information was attained.

My co-workers were amazing and I think it is crucial to have nice, helpful, honest and hard-working people around you; it truly makes you want to look forward to working and challenging yourself. Most importantly, I have to appreciate how lucky I was that in my first work experience I had the best supervisor that anybody could ask for. I am completely thankful to my colleagues for being so encouraging and supporting me and helping me by giving data and sharing their experiences which gives extra mile to my report. Finally, I just want to express my gratitude to IDLC for offering me this amazing growing opportunity that definitely changed my life and made a huge impact on my professional path.

Chapter 4:

Green Financing (Sustainable Business Practices of IDLC)

4.1 GREEN BANKING

Environmental pollution and climate change leading to global warming are one of the three most discussed issues worldwide. These issues, mostly caused by human activities, are not only affecting our economy and our living standards, but our very existence is dependent on the efficient management of these issues. The geographic location of Bangladesh makes it one of the most climate vulnerable regions of the world. Lack of awareness, environmental education, compliance and negligence on the part of the businesses and the mass people are also resulting in fast deterioration of the environment. This situation can only be improved through coordinated efforts from the government, private sector, and individuals. And banks and FIs are well positioned to act as catalysts to support and supplement these efforts aimed at a greener environment. “Green Banking” is the operation of the financial sector with special focus on the environmental, ecological and social factors, targeting conservation of nature and natural resources. The term broadly encompasses awareness creation and promotion of environment-friendly projects and practices, and reduction of overall carbon footprint from both its financing and in-house operations. Through green banking, the FIs are not only required to improve their own standards, but also play an active role in demanding the same from its stakeholders as well.

4.2 SCOPE AND OBJECTIVE

The Green Banking Policy of IDLC has been prepared in light of the “Policy Guidelines for Green Banking” issued by the GB&CSR Department of Bangladesh Bank (GBCSRD Circular No 4) on August 11, 2013. The objective of this policy is to institutionalize Green Banking across IDLC by focusing on the following major aspects:

- (i) Governance
- (ii) E&s Risks in Credit Risk Management
- (iii) In-house Environment Management
- (iv) Green Finance, Products and Marketing
- (v) Climate Risk Fund
- (vi) Training, Awareness and Green Events
- (vii) Disclosure and Reporting

4.3 IMPLEMENTATION

As per the “Policy Guidelines for Green Banking” issued by the GB&CSR Department of Bangladesh Bank (GBCSRD Circular No 4) on August 11, 2013, the implementation of Green Banking activities has to be completed in three phases:

- (i) Phase I: by June 30, 2014; (ii) Phase II: by December 31, 2014; and (iii) Phase III: by June 30, 2015

4.4 BENEFITS

In addition to the inherent benefits of better environmental management; new business opportunities; responsible resource consumption and reduced GHG emission; and reduce capital expenditure and operational costs, compliance with the Green Banking Policy shall entitle the FI to the following benefits:

- (i) Bangladesh Bank shall award points on Management component while computing CAMELS rating, which will have a significant impact on the overall rating of each FI;
- (ii) Bangladesh Bank shall declare the names of the top ten FIs for their overall performance in green banking activities in the Bangladesh Bank website; and
- (iii) Bangladesh Bank shall actively consider green banking activities/practices of an FI while according permission for opening new FI branch.

CHAPTER 4A: GOVERNANCE

4A.1 FORMATION OF A GREEN BANKING UNIT

IDLC shall form a Green Banking Unit (GBU) with representation from different departments in IDLC. The GBU shall be responsible for the design, implementation and evaluation of relevant green banking issues across the organization within the stipulated timeline, as well as for periodic reporting to the GB&CSR Department of Bangladesh Bank. Composition of the GBU, and any change thereafter, shall be approved by the Management Committee of IDLC.

4A.2 FUND ALLOCATION FOR GREEN FINANCING

To increase share of “Green” financing in the overall financing portfolio, IDLC shall maintain a fixed percentage of the annual disbursement target for investing in green projects / sectors. IDLC shall also focus on availing relevant refinancing facilities of Bangladesh Bank, and/or low cost funds from multilateral organizations to offer financing to clients at flexible terms.

4A.3. EXECUTION

Particulars	Executing Body
4A.1 Formation of the Green Banking Unit	Management Committee
4A.2. Fund Allocation for Green Financing	Business Units

CHAPTER 4B: E&S RISKS IN CREDIT RISK MANAGEMENT

4B.1. INCORPORATION OF ENVIRONMENTAL RISK IN CRM

Environmental, social and climate change risks shall form part of the overall credit risk methodology of IDLC to assess a prospective borrower from both credit risk and E&S risk perspectives. In this regard, IDLC already complies with the “Environmental Risk Management (ERM) Guidelines for Banks and Financial Institutions in Bangladesh” dated January 2011, and shall comply with all subsequent circulars, regulations and/or guidelines issued by Bangladesh Bank and other relevant regulatory bodies. Accordingly appropriate internal policies, due diligence checklists, audit guidelines and reporting formats has been prepared and shall be updated regularly.

4B.2. SECTOR-SPECIFIC ENVIRONMENTAL POLICIES

IDLC already follows the guidelines prescribed in “The Environment Conservation Rules, 1997” issued by the Ministry of Environment and Forest of the Government of the People’s Republic of Bangladesh; and “Environmental Risk Management (ERM) Guidelines for Banks and Financial Institutions in Bangladesh” issued by Bangladesh Bank in January 2011, while financing in any of the following sectors:

- Agriculture;
- Agri-business (Poultry and Dairy);
- Agro farming;
- Leather(Tannery);
- Fisheries;
- Textile and Apparels;
- Renewable Energy;
- Pulp and Paper;
- Sugar and Distilleries
- Construction and Housing;
- Engineering and Basic Metal;
- Chemicals (Fertilizers, Pesticides and Pharmaceuticals);
- Rubber and Plastic Industry;
- Hospital/Clinic;
- Chemical Trading;
- Brick Manufacturing; and
- Ship breaking

IDLC shall also adopt guidelines in all subsequent laws and regulations issued by relevant regulatory bodies. Any change / deviation has to be approved by the Management Committee of IDLC, and where applicable, shall be placed for Execution Committee and/or Board Approval.

4B.3. FI SPECIFIC ERM PLAN AND GUIDELINES

In addition to national laws and regulations, IDLC shall adopt internationally accepted standards and practices to bring in place a more rigorous E&S Risk Management framework. Environmental and Social Impact Assessment (ESIA) shall be conducted for large projects, where applicable. IDLC already has memberships with the United Nations Global Compact (UNGC) and United Nations Environment Program Finance Initiative (UNEP FI), and IDLC voluntarily follows their prescribed principles and guidelines; however, going forward, these will be incorporated in IDLC's in-house ERM Plan¹.

4B.4. EXECUTION

Particulars	Executing Body
4B.1. Incorporation of Environmental Risk in CRM	Business Units; CRM
4B.2. Sector-specific Environmental Policies	Business Units; CRM
4B.3. FI Specific ERM Plan and Guidelines	Green Banking Desk; Business Units; CRM

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¹IDLC-specific ERM Plans and Guidelines, and required documents, checklists and clauses, shall be drafted and implemented with assistance from FI Konsult, the external consultant appointed by IDLC and being jointly financed by IDLC and FMO for implementation of ESMS (Environmental and Social Risk Management System) across the organization.

4C: IN-HOUSE ENVIRONMENT MANAGEMENT

4C.1. GREEN OFFICE GUIDELINE

IDLC shall prepare a “Green Office Guideline (GOG)” that will consist of a set of general instructions to be followed across the organization. The main objective of the GOG would be better management of in house environmental issues; responsible utilization of electricity, water, paper and energy; and maintenance of a cleaner and more hygienic office environment, in participation of all the employees of IDLC. The GOG shall be approved by the Management Committee, and reviewed on an annual basis.

4C.2. INVENTORY MANAGEMENT

IDLC shall maintain an inventory on the consumption of electricity, water, paper and energy across all its branches. This information shall provide a baseline for IDLC to undertake various measures aimed at gradually reducing consumption of these resources. The format prescribed in the “Policy Guidelines for Green Banking” issued by the GB&CSR Department of Bangladesh Bank (GBCSRD Circular No 4; dated August 11, 2013) shall be followed for this purpose. Specific targets shall be set up every year, in the following manner, to reduce consumption through various initiatives throughout the year:

- I. Branch-specific annual reduction targets; and
- II. Per capita consumption per year per branch

Progress of each branch against each parameter shall be subject to periodic internal audit and validation.

4C.3. GREEN BRANCHES

IDLC shall strive to make both its existing and new branches “Green” by focusing on two basic parameters:

a) Source reduction and waste minimization strategy in terms of resources like electricity, water, paper, energy (petrol / gas / octane / diesel) etc;

b) Adopting the 3R principle of Reduce, Reuse and Recycle, in terms of both materials and equipments; and Initiatives in this regard will include, but not be limited to, the following:

- * Maximum use of sunlight / natural light during day time;
- * Use of more renewable energy in office premises, such as solar panels etc.;
- * Installation of energy efficient devices, such energy saving bulbs, air conditioning systems etc.;
- * Installation of spring taps / sensory taps to reduce water consumption, in both washrooms and dining rooms;
- * More use of recycled water and paper, where feasible;

IDLC shall strive to achieve the “Green Branch” certification of Bangladesh Bank for all its branches, as per their given criteria soon to be made available.

4C.4. GREEN TECHNOLOGIES

IDLC shall resort to more environment-friendly technologies aimed at greater work efficiency; reduction of electricity, paper and energy consumption, and subsequent GHG emission; and reduced CapEx in terms of IT infrastructure. Facilities such as virtual meetings through video conferencing; server virtualization; state-of-the-art branch connectivity systems; online operational, approval and payment systems, e-statement generation for employees and clients for reducing paper consumption etc. are already in place. Going forward, IDLC shall focus on the reduction and reuse of materials and equipments as well, where feasible.

4C.5. EXECUTION

4D: GREEN FINANCE, PRODUCTS AND MARKETING

4D.1. GREEN FINANCE

IDLC shall focus on Green Finance activities in the following manner:

(i) Phase I: IDLC shall maintain a specific target every year for investment in environment-friendly sectors and/or projects. Preference shall be given to environmental infrastructure projects including, but not limited to, adoption of renewable energy and/or energy-efficient technology; supply of clean water; establishment of effluent and/or waste water treatment plant, solid and hazardous waste disposal plant, bio-gas plant, bio-fertilizer plant etc. Moreover, IDLC shall also format Consumer credit programs to promote better environmental practices among clients;

Particulars Executing Body

4C.1. Green Office Guideline CSR, IT, Admin

4C.2. Inventory Management Admin, ICC, Branch-in-charges

4C.3. Green Branches Admin

4C.4. Green Technologies IT , Business and Support Units

(ii) Phase II: IDLC shall identify specific environmentally harmful activities and reduce its financing activities in those areas; and target certain percentage of its portfolio to consist of eco-friendly and environmental loans;

IDLC shall try to avail the refinancing facility from Bangladesh Bank in renewable energy and environment-friendly projects, as per the GBCSRD Circular No 2, dated July 1, 2013, and any subsequent circulars issued hereinafter. IDLC shall also try to avail relevant financing facilities offered by various multilateral organizations.

4D.2. GREEN MARKETING

Green Marketing refers to the marketing and promotion of products and services that are environmentally-friendly themselves, or are positioned and marketed in an environment-friendly manner. Such efforts shall not only provide the promised environmental benefits, but also help increase awareness among the client groups. IDLC shall engage in Green Marketing by:

(i) Adding value to existing product portfolio by including environmental features; and

(ii) Using environmental themes and/or causes in marketing and promotional activities

4D.3. DESIGN AND INTRODUCTION OF INNOVATIVE PRODUCTS

Besides mitigating negative environmental impacts through its products and services, IDLC shall actively design and introduce innovative green products addressing core environmental and climate change issues of Bangladesh. Design of such products shall be done upon consultation with the GB&CSR Department of Bangladesh Bank, and as per international best practices.

4E: Few financed green projects by IDLC:

IDLC's green finance has been recognized by FMO through their newsletter. Apart from that, Dutch Newspaper P+ published a cover story on green conference at The Hague, Netherlands where IDLC's contribution has been mentioned wholeheartedly. IFC is also publishing a newsletter on IDLC's drive towards clean energy financing as a role model in the industry. Green desk provided lecture in different programs and workshop arranged by BLFCA, USAID, BKMEA, GIZ etc. Six of IDLC's employee has been certified as Certified Energy Auditor (CEA) by Association of Energy Engineers USA. They received acknowledgement and certification from the governor of Bangladesh Bank which is a firm step for providing better services.

4E.1 Zigzag Brick Kiln

IDLC financed BDT 15.21 million to a modern and environment friendly brick manufacturing concern in Natore. Total cost of the project was around BDT 130 million. The factory has production capacity of around 60,000 bricks per day. The environment friendly technology used in the factory will save a lot of carbon emission. In this regard, the client has signed an Emission Reduction Transfer Agreement with IIDFC for selling carbon credit via UNDP.

“Financing Brick Kiln Efficiency Improvement Project”

A relending scheme namely “Financing Brick Kiln Efficiency Improvement Project”, has been established in Bangladesh Bank under financing of Asian Development Bank (ADB) for reducing greenhouse gas emissions and fine particulate pollution from brick fields of the country and building environment friendly brick field through efficiency development of brick kiln with appropriate use of energy. In the scheme, total amount of loan from ADB is about 50.00 million USD/ equivalent BDT. It has two parts: Part- A: about 30.00 million USD/equivalent BDT will be provided for conversion of Fixed Chemistry Kiln (FCK) to Improved Zigzag Kiln and Part- B: about 20.00 million USD/ equivalent BDT for establishment of new Vertical Shaft Brick Kiln (VSBK), Hybrid Hoffman Kiln (HHK) and Tunnel Kiln. Detailed terms and conditions for availing this relending facility under this scheme is illustrated in the GBCSRD Circular No. 03/2014, date: 03 June, 2014 and other related circulars issued later. Note: Banks and Financial Institutions signed Participation Agreement with Bangladesh Bank can avail this relending facility. (Draft Participation Agreement)

4E.2 Tunnel Kiln

Traditional brick projects are the largest contributors of Green House Gas (GHG) in our country – accounting for 38% of Bangladesh's air pollution or approx. 9.81 million ton of CO₂ per year. The Bangladesh Government and Development / Multilateral Agencies strongly endorse the restructuring of the Bangladesh brick sector through the promotion of newer Energy Efficient Brick Kiln (EEKs) technologies.

IDLC Finance Limited as part of its 'Green Financing' initiatives has arranged a syndication loan facility of BDT 390.51 million to set up an energy efficient 'Tunnel Kiln' brick project in Gazipur. The amount has been raised in participation with different banks/FIs where IDLC's participation is BDT 100 million (excluding IDCP). The project will generate 30 million bricks per annum. The Tunnel Kiln technology is one of the most efficient technologies available in this sector which will ensure low carbon emission and qualify the project for carbon credits. IDLC Finance Limited is keen to invest in such and other CDM projects which have a positive contribution for the environment.

4E.3 Effluent Treatment Plant

IDLC has put strong focus on financing effluent treatment plants (ETPs). The adverse effect of liquid wastes from dyes and chemicals, created by many factories can be completely eliminated through ETPs; IDLC has disbursed a total of BDT 26 million for setting up effluent treatment plants in three RMG factories in Narayanganj and Narsingdi.

4E.4 Waste Recycling plant

IDLC has disbursed a loan of BDT 5 million to a plastic recycling factory in Narayanganj. The factory produces accessories for school bags by using raw plastic materials from disposed plastic bottles.

4E.5 Biogas Plant

DLC financed BDT 3 million to an Organic Compost Project in Bogra. Through the project, two organic fertilizers, Vermin Compost and Tricho Compost are produced. The byproduct of Tricho compost is Tricho litter, which is also an eco-friendly organic fertilizer. With the financing support of IDLC, a laboratory has been set up for nursing Derma, the very basic element for producing Tricho compost.

4E.6 Solar Home System

IDLC disbursed loans amounting to a total of BDT 4.5 million for two companies based in Dhaka. Both the companies import solar panels and accessories required to install solar panels. One of the companies also sell solar energy efficient Table Fans. The products are certified by IDCOL, and mostly supplied to primary dealers and partner organizations of IDCOL.

Chapter Five: Conclusion

Conclusion

Bangladesh is one of the most climate change vulnerable countries in the world. From the overall discussion, it can be said that green banking practices in Bangladesh are not at a satisfactory level. In line with global development and response to the global warming, Green banking plays significant roles. Government as well as every bank should take initiatives in respect of green banking practices for protecting our environment. Bangladesh bank will emphasize with significance of green banking activities/practices of a bank while according permission for opening new bank branches and approval for launching new bank.

Government should also encourage the general people about the green banking practices. The central bank should monitor or supervise commercial banks whether they are practicing green banking or not. So, every bank has to participate and contribute to green banking practices in today's extreme national and global banking competition. IDLC has created a Green Banking Unit (GBU) as one of its major priority sectors and now recognized as one of the market leaders in promoting the Green Banking Concept in Bangladesh. This has led to some key achievements including energy project financing for five power projects with the capacity of 377 MW to improve energy access. Another Solar Nano Grid project will produce 300 KW of electricity for 20,000 people living in off-grid areas. Apart from IDLC's drive on sustainable energy, five LEED certified green industry buildings equipped with state-of-the-art technology are receiving green finance. IDLC is the first in the financial industry in Bangladesh to publish a sustainability report since 2011 revealing its commitment and ambition to become a carbon neutral company.

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