Bangladesh Bank Governor, Dr. Atiur Rahman participated as a panel speaker at a side event on “Building Inclusive Green Economies: A New Development Partnership?” organized by the Federal Ministry for Economic Cooperation and Development, Germany on 22 June 2012 as part of the United Nations Conference on Sustainable Development (Rio+20 Summit). Mr. Manish Bapna, Interim President, World Resources Institute facilitated the event as moderator. Other distinguished panel speakers included Mr. Dirk Niebel, Minister for Economic Cooperation and Development, Federal Republic of Germany, Ms. Heidi Hautala, Minister for International Development, Finland, Mr. Ben Knapen, Minister for European Affairs and International Cooperation, Netherlands and Mr. Jim Leape, Director General, WWF International. Dr. Rahman appreciated Rio+20 final document for reflecting the core aspiration of the people of the developing and least developed countries particularly the place for inclusive green growth for poverty eradication. But he was not fully satisfied with the means of implementation where no firm commitment has been made for transfer of resources and technologies for
poorer countries. Yet, he said that Bangladesh was on high moral ground for committing itself to more inclusive green growth despite being the victim of climate change and climate change related high carbon growth in developed world. He therefore urged the leaders of the developed world including the Ministers present at the event to come up with creative options for more meaningful international cooperation and transfer of resources and technologies for inclusive green growth. He also underscored the successes of Bangladesh in halving poverty over the past two decades and enhancing social development despite being on the receiving end of the climate change related vulnerabilities. He also highlighted the complementary role of the central bank of Bangladesh in improving financial inclusion which has been providing necessary access to finance for the disadvantaged small entrepreneurs and marginal farmers.

*He further said:*

Bangladesh is committed to pursuing low-carbon green development without comprising the imperative of faster economic growth and social development. Development strategies of Government of Bangladesh laid down in the Perspective Plan and the Sixth Five Year Plan declare clear commitment of pursuing sustainable growth. The country’s vulnerability to floods, cyclones and to the threat of inundation of large coastal areas from global warming driven sea level rise makes sustainability a prime development concern. Financial inclusion drive at the central bank of Bangladesh has been contributing to eradicating poverty as well as sustained economic growth, enhancing social inclusion, improving human welfare and creating opportunities for employment taking into account national circumstances, objectives, responsibilities and priorities. We at the central bank have spearheaded mainstreaming of CSR in financial sector corporates, for them in turn to influence non financial real sector corporates into embracing CSR obligations. We have also issued ‘green banking’ guidelines equipping banks to make financing decisions based on prior environmental appraisal of investment projects. Concessional refinance support has been introduced for banks against their financing of environmentally beneficial projects, including renewable energy (bio-fuel, solar etc.) generation, effluent treatment, and adoption of more energy efficient emission minimizing production techniques.

**Building Block 1: National economic and social policies**

Bangladesh has made key policy interventions and has taken legal measures contributing to inclusive economic growth and poverty reduction. Policies relating to governance, economic and social development and environment have contributed to Bangladesh’s capacity building for promoting economic, social and environmental sustainability.

**Building Block 2: Local rights and capacities**

Bangladesh’s strides in development, in spite of daunting challenges, is largely due to human endeavor and entrepreneurship of its poor people within the framework of an enabling environment created by the government. A large number of CBOs and NGOs have also been making useful supportive contributions. In many cases, the quality of partnership between the government and civil society is exemplary.

**Building Block 3: Inclusive green markets**

The government of Bangladesh and the central bank are committed to offer enabling policy and institutional environment for business entrepreneurs through encouraging and supporting innovative business models targeted at expanding poor’s access to markets and supply chains for green products and services. Under the financial inclusion campaign umbrella of the central bank, banks and financial institutions are being encouraged and supported in taking up financing schemes targeted to specific underserved areas, mainly agriculture, SMEs and environmentally beneficial projects. Creative partnership of banks with regulated Micro Finance Institutions (MFIs) and mobile phone/smart card based IT platforms towards devising new cost effective service delivery modes are being encouraged.
Building Block 4: Harmonized international policies and support

Joint efforts are needed to stimulate dialogues among developing country policymakers, development partners and other stakeholders on how best to promote sustainable green economic development. Though policies and actions have to be country specific, real and lasting progress can be made through collaborative efforts towards overcoming poverty and inequality and achieving sustainable human development.

Building Block 5: New metrics for measuring progress

The transition to an inclusive green economy will require new metrics that prevailing narrow focus on income poverty and Gross Domestic Product (GDP) way of tracking economic, social and environmental progress and well-being.

Public-Private Partnership

Bangladesh Bank has initiated guiding Bangladesh’s financial sector towards socially and environmentally responsible financing by sensitizing banks and financial institutions about their Corporate Social Responsibilities (CSR), with a guidance circular for mainstreaming of CSR obligations in their corporate goals and objectives. The financial sector has responded with warm enthusiasm in steadily increasing engagement in CSR initiatives. Alongside monitoring of financial sector’s progress in ingraining of CSR in corporate goals and objectives, BB has launched a comprehensive financial inclusion campaign to reach out with financial services to all hitherto underserved and excluded economic sectors and population segments.

Under the financial inclusion campaign umbrella, banks and financial institutions are being encouraged and supported in taking up financing schemes targeted to specific underserved areas, mainly agriculture, SMEs and environmentally beneficial projects. Creative partnership of banks with regulated Micro Finance Institutions (MFIs) and mobile phone/smart card based IT platforms towards devising new cost effective service delivery modes are being encouraged. Besides making modest refinance support lines available against lending to the underserved sectors, Government of Bangladesh (GOB) and BB are supporting the inclusion initiatives of banks with facilitating regulatory and IT infrastructures, including establishment of a Microcredit Regulatory Authority for licensing and regulation of MFIs, issuance of Mobile Banking Guidelines, a secure and efficient payment system with fully automated platform for online clearing and settlement of paperbacked and electronic fund transfers, and a Credit Information Bureau (CIB) accessible online by system participants.

BB’s refinance line for Renewable Energy: BB has introduced Taka 2.0 billion refinance line for financing solar energy, bio-gas and effluent treatment plant (ETP), at subsidized interest rate. Banks and non-bank financial institutions have already started to access BB’s refinance line. Around Taka 600 million has been disbursed under BB refinance line.

Thanks with best regards,

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