Financing Short Lived Climate Pollutants Mitigation Measures

Dakar, Senegal

November, 2018

Disclaimer: This presentation does not represent the views of the Board and Management of the Ecobank Transnational Inc.
Outline

1. Introduction
2. Sustainability Framework
3. Financing mechanism
4. Recommendation
Environmental Sustainability

- Deforestation
- Water stress
- Air quality
- Wastes
- Greenhouse gases & climatic shifts
Social Sustainability

- Human Rights
- Respect for Labour Standards
- Protecting Indigenous Rights
- Gender
- Community & grievance mechanism
Sustainability Framework

Driving sustainable economic transformation
- Creating economic value
- Fostering Integration
- Partnership for Development

Socially responsible finance
- Microfinance and microbanking
- Women in Business
- Ecobank Foundation
- Community engagement

Protecting natural resources: environmental sustainability
- Risk management
- Green business
- Global initiatives
- Internal Carbon footprint Management

Human Capital: attracting and retaining high calibre employees
- Diversity and culture
- Learning and development
- Pan-African spirit
Rationale for Sustainability Management

- Avoid Liability
- Save Cost
- Value Added
- Gain Competitive Advantage
- Staff Retention
- Positioning through Recognition

INTERNAL
- Compliance
- Eco Efficiency

EXTERNAL
- Green Marketing

EXTERNAL/INTERNAL
- Sustainability

EXTERNAL
- Beyond Sustainability
Adopted Environmental Social Governance (ESG) Frameworks

• Nigerian Sustainable Banking Principles

• Kenya Bankers Association’s Sustainable Finance Initiative

• The Equator Principles, which provide a framework for assessing and addressing the environmental and social risk in financing project transactions.

• UNEP-FI, a global partnership between the financial sector and the United Nations Environment Program (UNEP) on sustainable development.

• UN Global Compact, a voluntary commitment by companies towards supporting principles relating to labor standards, human rights, environmental responsibility & anti-corruption.
# Climate Financing Models in Ecobank

<table>
<thead>
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<th>Model</th>
<th>Description</th>
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<tr>
<td>Fuel switch</td>
<td>Great potential (Project related corporate financing)</td>
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<tr>
<td>Sust Forestry</td>
<td>High potential (SMME financing)</td>
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<tr>
<td>Industrial EE</td>
<td>Great potential, hard to implement</td>
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<td>Household EE</td>
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<td>Solar streetlight</td>
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<td>EE in Refrigerator</td>
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<td>Hydro</td>
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**Pics**
- Fuel switch
- Sust Forestry
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- Agricultural waste

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**Ecobank**

*The Pan African Bank*
E&S Risk Management Process

- Screening
- Classification
- Due Diligence
- Corrective Action Plan
- Compliance Monitoring & Reporting
Stimulating appetite for SEF - SLCP

Risk factors

Operational Risks:
- Pricing and currency
- Standardization,
- Incentives/penalties

Performance Risks:
- Technical specifications,
- Damages and defects liability

Residual Risk:
- Insurance package,
- Demand forecasts
- Inflation
- Interest rates
- Tax

Bankability: Sector Diagnostic

- Political support and clear authority commitment
- Sector Policy and planning framework
- Legal and regulatory processes
- Institutional and capacity issues
- Commercial and financial issues
- Technical issues
- Social priorities
- Environmental and sustainability issues
Case Study - Implementing AREED

- Ecobank collaborated with energy efficient NGO Kumasi Technical Institute (KITE) to build capacity of 6 micro-finance companies, 10 distributors of energy efficient appliances and 300 energy efficient end users in Ghana to access affordable solar lantern, refrigerators, gas cookers and LPG conversion in commercial vehicles.

- KITE identified the end users (beneficiaries) and the distributors. Ecobank provided capacity building training to the distributors and MFI on basic book keeping, business development and succession plans, while KITE led in the training on energy saving.

- KITE identified, introduced and guaranteed the beneficiaries to purchase the devices on credit from the distributors. MFI gained and expanded customers’ base, as well as made float from the deposit collections.

- Beneficiaries developed and improved saving habit, continued to enjoy benefits including labour/time saving, efficient burning, without producing harmful smoke, low pollutant emissions; and for those who adopted solar system, benefits included significant cost saving as a result of using sunlight to generate electricity.

- Further benefits included less fire risks and saving benefits to the end users and the environment through reductions in CO2. Distributors expanded customers’ base, benefitted from market differentiations and broadened networking through the partnership. KITE successfully implemented donor project and well positioned for future funding.
On-going Sustainable business opportunities

Telecoms
- Energy efficiency, including Solar base station

Mining & Quarry
- 1. Performance bond
- 2. Solar powered radio devices & CCTV
- 3. Cleaner Technology (Retrofitting)

Mortgage, Real Estate & Hotel
- 1. Solar Home System (Lighting, cooling & water heating system)
- 2. Cleaner Technology (Retrofitting)

Manufacturing industry
- 1. Energy efficiency
- 2. Cleaner Technology

Agribusiness Value-chain financing
- Climate smart
Sustainable financing products and General Conditions

Our products for Agric financing:
  Microfinance, SME, LC, Bill Discounting etc

Conditions varies from country to country, general requirements may include:
  – Evidence of market potential/Purchasing Agreement/Sales contract
  – Demonstrated, realistic and sound technical capability
  – Demonstrated commitment
  – Domiciliation of account
Development Finance Institutions (DFI):

Multilateral Development Banks or Finance Institutions

- African Development Bank (AfDB)
- European Investment Bank (EIB)
- International Finance Corporation (IFC)
- Islamic Corporation for Development of the private Sector (ICD)
- OPEC Fund for international Development (OFID)
Public Sector Role

Public finance mechanisms are critical to scale up private sector participation and investment in sustainable energy financing,

For example:

• Encourage wider market (CET)
• Innovative scheme to leverage risk perception
• Fiscal incentives to stimulate investment
• Award and recognition to encourage good practices
Recommendation

• Strengthening partnership with the technical and funding institutions

• Enhancing knowledge management and capacity building on sustainable energy management in the financial institutions including commercial banks, micro-finances and insurances

• Involving commercial banks in the management and disbursement of SEF targeted development funds

• Tailored engagement with banks to ensure complementary and structured financial support and including management and disbursement of REEE special funds
Thank You