



COMPREHENSIVE TRAINING ON ENVIRONMENTAL & SOCIAL RISK MANAGEMENT (ESRM) FOR FINANCIAL INSTITUTIONS



Background

With a view of integrating sustainability into credit risk management in the financial sector, Nepal Rastra Bank released the Guidelines on Environmental & Social Risk Management (ESRM) for Banks and Financial Institutions in 2018. The objective is to establish the ESRM Framework as the standard process for proactive evaluation and integration of environmental and social issues into the credit risk assessment process of B/FIs.

In this context, NBI in partnership with IFC & ERM, is pleased to present a 1.5 day training that aims to provide an opportunity for participants to learn about the current international best practices in E&S risk management in financial institutions (FIs), and understand how their implementation improves the performance of institutional portfolios, generates business opportunities, and strengthens competitiveness.

Program Details

Date & Time: 19th (9.30am-4.45pm) & 20th March, 2022 (7am-10.15am)

Duration: 1.5 days/6 sessions (9 hours)

Venue: NBI Hall

Program Detail

Program Objectives:

- Discuss & understand how banks can effectively implement E&S Management System/ Environment, Social and Governance (ESG) issues and integrate E&S risks into their credit appraisal process
- Understand how the implementation of ESRM improves the performance of financial institutions and their competitiveness through sustainable banking
- Understand and be able to convince the client and frame appropriate covenants to protect the interest of the bank in the process of regular enforcement of E&S standards.
- Understand and implement the regulatory requirement of ESRM Guidelines of Nepal Rastra Bank
- Become aware of current international best practices in E&S risk management in financial institutions

Target Group:

- Asst. Relationship Managers, Relationship Managers and Managers handling Business.
- Officers, Sr. Officers and Managers handling Credit Risk and Credit Admin Department.
- Officials of legal department.
- The program is design for officials for basic

Program Delivery:

Slide presentation and discussion, Quiz, Experience sharing, brainstorming through pictures and video content, Group activity on case studies.

Trainers' Profile:

Mr. Hemanth Raj Angdembay has worked with Standard Chartered Bank Nepal for 22 years with 14 years of experience in managing SCBNL retail products, including 12 years of handling home loan products. He holds MBA degree from Ace Institute of Management, and has undergone training in areas like, sales & marketing, presentation, facilitator skill training, negotiation skills, time management, along with trainings such as Great Manager Programs, Leadership training etc.

Mr. Bholanath Dhungana, Company Secretary, Kumari Bank Ltd. holds LL.M degree with specialization on commercial law and engages in Corporate and Banking law profession for more than 20 years. Work experience with Rastriya Banijya Bank, Siddhartha Bank, Kumari Bank and other business organizations in different capacities such as legal officer, head of the legal department, company secretary and legal advisor. Visiting faculty in Kathmandu University School of Law, School of Management, and National Law College affiliated with Tribhuvan University. Associated with National Banking Institute since 2014 as a trainer in area of law, compliance and ESRM.

Curriculum Outline

SN	Headings	Contents/ Activities	Takeaways
1	ESRM/ESG Fundamentals and International Exposures (Mr. Bholanath Dhungana, 1 session)	<ul style="list-style-type: none"> • Brief ESRM/ESG Overview in Nepal and International Context • Relevancy and Impact on Banks • IFC Performance Standards, and some other international protocols and applicability into Nepal's context <p>Activity: Pic shown, Video, Mind the gap game, case discussion, etc.</p>	<ul style="list-style-type: none"> • Participants will be aware about general outline of ESRM concept and its importance • Understanding of role of bank in environment protection and sustainability finance • Familiarity on some international perspectives and way of linking into domestic context
2	Nepal's Regulatory Overview (Mr. Bholanath Dhungana, 1 sessions)	<ul style="list-style-type: none"> • NRB ESRM Guidelines Review: context, content and coverage • Risk such as Credit, Legal, financial, Operational, Reputational risks • Environmental & social risks and their relation with various types of credit • ESG related Policy highlights and Bank's responsibility to alignment in credit functions towards such state policies <p>Activity: Case studies and example discussions, videos</p>	<ul style="list-style-type: none"> • Participants will be able to understand concept behind introduction of ESRM guidelines • Participants will on understand the risk such as credit risk, financial risk, operational risk, Legal Risk and Reputational Risk by E&S issues in banking activities. • Participants understand Government's policies related to E&S and their relevancy in Banking

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3	Directly Related Laws and Regulations to address E&S Risks and Role of the Banks (Mr. Bholanath Dhungana, 1 session)	<ul style="list-style-type: none"> • Environment Protection Act and Rules • Forest Act and Related other rules/ guidelines • Water Resource Act and Related other policies • Mines and Minerals Act and Rules • National Parks and Wildlife Conservation Act, CITES Implementation Related laws and Policies • Labor Laws and Related Regulations • Land Acquisition Act and related other Rules/Guidelines • Other laws and regulations relating to E&S <p><u>Activity:</u> Hydro power/mining/hotel to understand applicability and effects of above laws & regulations along with IEE/EIA</p>	<ul style="list-style-type: none"> • Participants will have overview of national laws relation to E&S issues, their implications good understanding of projects needs to go through the laws while credit analysis, sanction and credit monitoring • Participants will be familiar about Environmental and Social Impact Assessment (ESIA) and different types of assessment requirement, relevant applicable projects and bank's role to adhere the same
4	ESRM Guideline procedure, ESDD implementation and ESMS integration (Mr. Hemant Raj Angdembay 1 session)	<ul style="list-style-type: none"> • Guidelines Applicability • ESRM Procedure - Appraisal, Decision Making and Monitoring • ESDD Process Overview. • ESMS and Integration into Bank Credit Risk Management. • E&S Capacity Planning - Org chart, Roles & responsibilities. 	<ul style="list-style-type: none"> • Participants will understand statutory requirements of enforcement of ESMS and procedure steps of ESRM guideline .

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		<p>Activity: Quiz: Brain teaser on ESRM procedure.</p>	<ul style="list-style-type: none"> • Participant will have good know-how in analyzing E&S risks and integrating with the bank's CRM process. • Participant will be able to understand about E&S evaluation process and take appropriate financing decision • Convince client in regular enforcement of E&S standards. • They will be able to frame appropriate covenants in the loan agreement to protect both Client and Bank against E&S Risks.
6.	<p>Discussion - Cement / Hydropower/ Any Other relevant Sector for understanding of E&S Risk and their management</p>	<ul style="list-style-type: none"> • Key E&S Risk associated with the sector • H&S Risks associated with the sector • Regulatory overview of the sector • E&S Risk Monitoring & Reporting <ul style="list-style-type: none"> ⇒ Phase-wise monitoring ⇒ Aspects to be covered during monitoring ⇒ Internal & External Reporting 	<ul style="list-style-type: none"> • Participants will have good understanding on E&S Risks associated and their management in Industrial Sectors such as cement industry or any other relevant sector.

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	E&S Risk Monitoring & Reporting (Mr. Hemanth Raj Angdem-bay, 2 sessions)	Activity: <ul style="list-style-type: none">• Case Discussion- Understanding of E&S Risk and their management in large projects/industries.• Video clips on E&S Risk Management.	<ul style="list-style-type: none">• Participants will have clear understanding on the monitoring aspects linked to each disbursement, post disbursement and its importance.• Significance of internal & external reporting.

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