

CEOs' plan for balanced growth

By Alfred Zacharia
@azacharia3

azacharia@tz.nationmedia.com

Dar es Salaam. Business leaders are pushing for economic growth that does not have adverse effects on key sectors as the country moves towards middle income-status in the next five years or so.

CEO Roundtable of Tanzania (CEOt) members are working out a financing model that will give priority to projects that will not have a negative impacts on the environment while at the same time helping the country's financial inclusion endeavours.

Members, drawn particularly from financial institutions, and experts on sustainable finance took part in a workshop yesterday where they came up with seven principles to be submitted to the Bank of Tanzania (BoT) at a later date so that they can be considered to form part of the regulator's policy on loan issuance.

"The aim is to raise financial sector awareness of the environmental and social risks associated with the business-as-usual approach. We also seek to increase transparency

and consistency in the implementation of policies for sustainable environmental and social management in business activities and operations," CEOt chairperson Sanjay Rughani said.

The proposals seek to make it mandatory for investors to give environmental and social sustainability issues the consideration they deserve when making business decisions.

Under the proposals, CEOs want financial institutions to develop and implement integrated policies to ensure that environmental and social risk management is prioritised. Financial inclusion must also be a key pillar in issuance of loans.

Business leaders hope that financial institutions will develop and implement strategies that support the growth of small and medium enterprises as well as removing barriers to financial access to various groups, including women and the youth.

They also want financial institutions to come up with criteria for sustainable land and water management in lending activities and services in specific locations where water is scarce.



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Financiers are expected to incentivise corporate land and water stewardship through the development of investment with targeted activities that prevent deforestation.

Business entities should invest in businesses or operations that offer bankable solutions to environment and social challenges. This requires identifying and investing in business opportunities or clients that promote the use of advanced technologies, low carbon activities and risk management practices.

CEOs also want financial institutions to give priority to investors who conduct their business with a higher level of integrity and compliance adherence.

"This requires financial institution to have systems to ensure compliance with applicable laws and anti-corruption measures," CEOt said in a statement.

This will require financial institutions to establish environmental and social governance responsibility and institutional practices as well as set clear targets and key performance indicators.

Financiers will also publicly disclose regularly its governance approach and material environment, social and economic impact as well as ensure open and transparent communication and engagement with stakeholders.

The draft of the principles is a first step of implementing the joint Business and Sustainability Strategy (2019/2021) of CEOt and International Union for Conservation of Nature (IUCN). IUCN regional programme coordinator Charles Oluchina said when the banking principles becomes applicable, they will guide well the finance sector to support sustainable development.

"The principles will clearly show which project is viable to be financed and avoid nonperforming loans challenges," he said.