

FIRST WESTERN BALKANS SUSTAINABLE INVESTING FORUM

Jorgovanka Tabaković, PhD, Governor of the National Bank of Serbia
Belgrade, 17 November 2022

SUSTAINABLE INVESTING IN THE WESTERN BALKANS

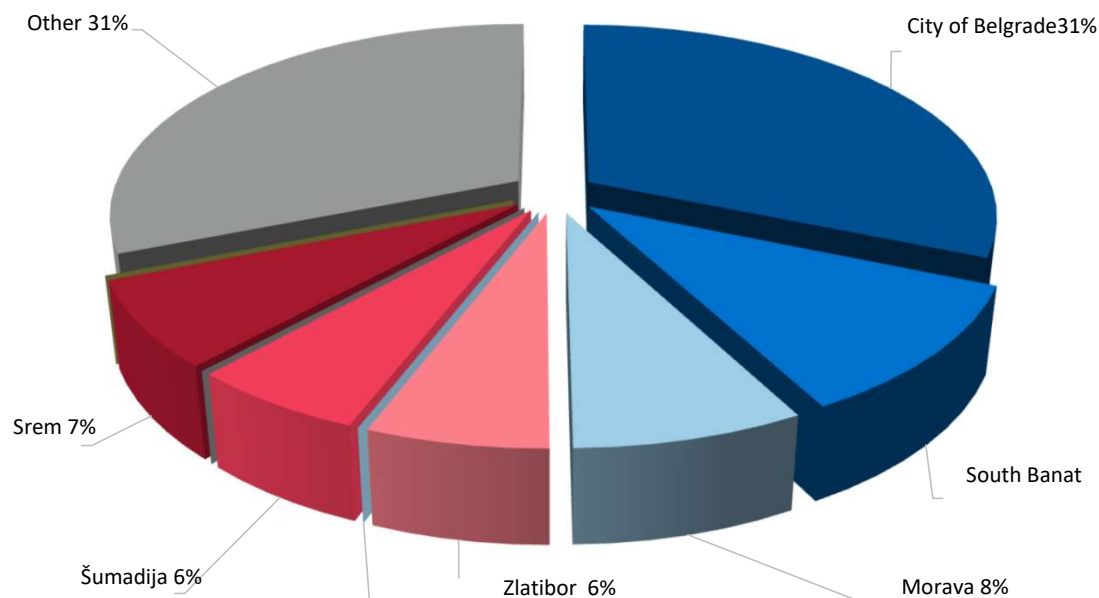
The aim of the business association **Green Navigator of the Western Balkans** is to connect countries in the region in order to reduce greenhouse gas emissions in their economies. The aim is to encourage state administrations to harmonise their policies and obtain financial aid from international organisations for the purpose of reducing the negative impact of climate changes on the environment.

Cooperation between the National Bank of Serbia and the European Investment Bank – since mid-2002 the disbursement of five Apex loans with great success.

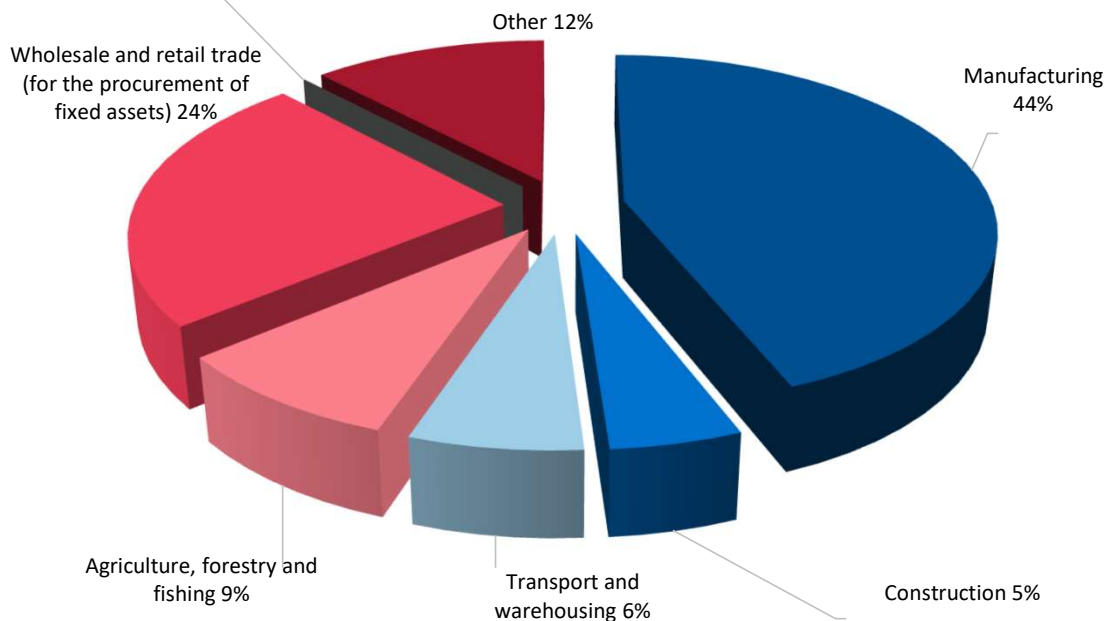
Total 1026 projects across Serbia were financed, and the opening of 9,589 new jobs is planned, of which 367 for young persons.

Final beneficiaries are obliged to comply with environmental protection and social welfare standards.

Apex loans used across Serbia, mostly in the following administrative districts:

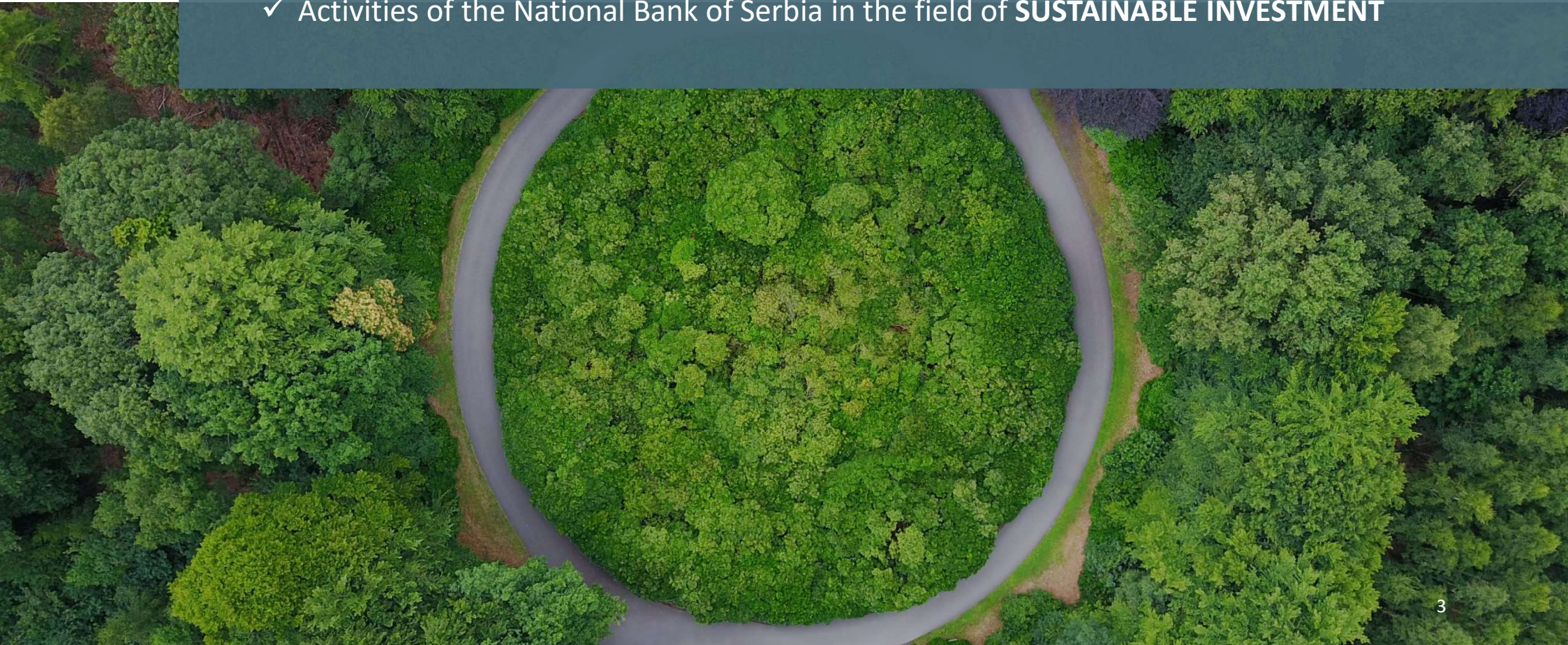


Apex loans were disbursed mainly in the following fields:



TOPICS

- ✓ **AWARENESS OF THE IMPORTANCE OF GREEN TRANSFORMATION**
- ✓ The need that the **PROCESS BE GRADUAL**
- ✓ Activities of the National Bank of Serbia in the field of **SUSTAINABLE INVESTMENT**



AWARENESS OF THE IMPORTANCE OF GREEN TRANSFORMATION

❖ **TRANSFORMATION OF THE ECONOMY** is based on ecologically sustainable grounds.

❖ **MITIGATION OF CLIMATE RISKS** is a global task, particularly important for countries whose growth relies on **agriculture, forestry and water management.**

❖ **CLIMATE RISKS** do not arise from the financial sphere, but we are aware of their impact on **numerous areas of social life.**

❖ **INVESTMENT** in environmental, social and corporate governance (ESG) is becoming **increasingly widespread.**



THE NEED THAT THE PROCESS OF GREEN TRANSFORMATION BE GRADUAL

THE CONCEPT OF THE GREEN ECONOMY
is complex...

the terms, methodologies and data are still
in the process of standardisation.

Implementation into local frameworks should be
gradual.

Although the *green and digital* are and must be
among the priorities of policy makers in this
century,

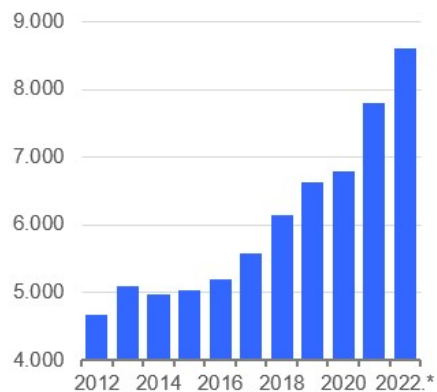
**THE KEY PRIORITY REMAINS
SAFE AND STABLE.**

Without stability there can be no sustainable investment.



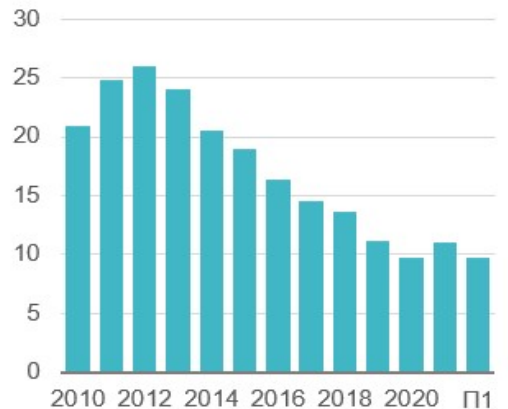
SERBIA: GROWTH AND INVESTMENT EVEN DURING THE THREE YEARS OF THE GLOBAL CRISIS

GDP per capita (in euros)



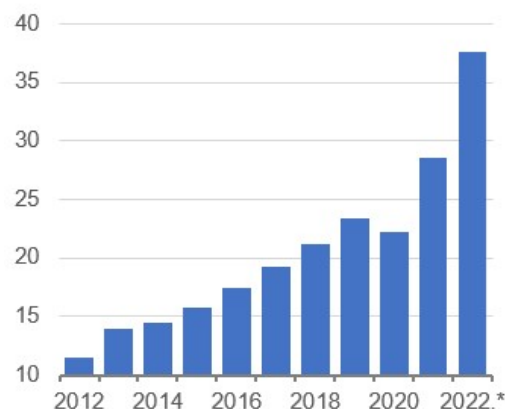
Source: SORS and NBS calculation
* NBS assessment.

Unemployment rate (in %)



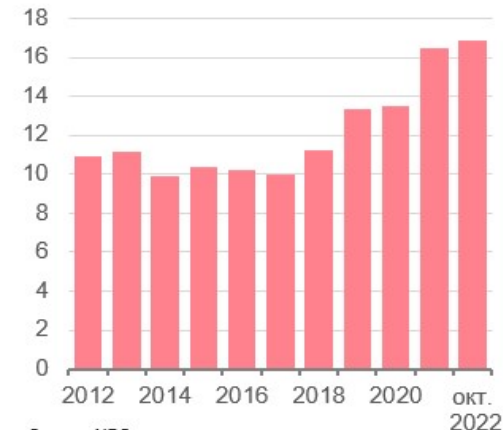
Source: Labor Force Survey, SORS.

Export of goods and services (in billion euros)



Source: NBS
* NBS assessment.

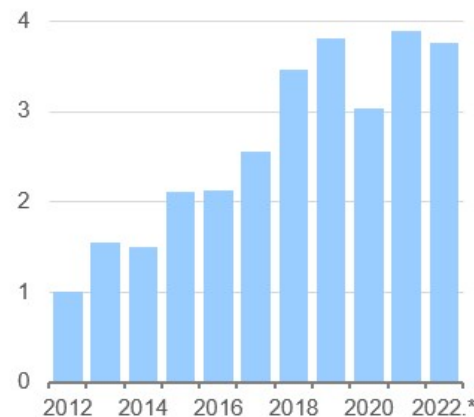
Foreign exchange reserves (in billion euros)



Source: NBS.

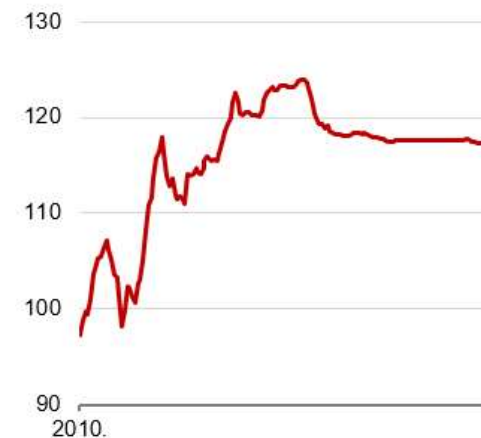


FDI inflow (in billion euros)



Source: NBS
* NBS assessment.

Movement of the exchange rate of the dinar against the euro



Source: NBS.

GREEN INSTRUMENTS

- ✓ In September 2021 Serbia issued **THE FIRST GREEN INSTRUMENT** and thus became **one of few European countries and the only non-EU European country** that issued the green eurobond.
- ✓ The eurobond worth **EUR 1 bn** with the maturity of **seven years**, at the lowest coupon rate of **1.0%** was issued, which is owed to **robust demand of international investors**, who assess that Serbia has an excellent growth outlook.
- ✓ The National Bank of Serbia has in its portfolio green bonds **of high-ranked, prime international issuers**, whereby we also support green transformation.

CLIMATE RISKS AND MICROPRUDENTIAL ACTIVITIES

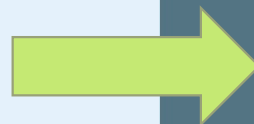
As a regulator and supervisor, WE CONDUCTED A SURVEY AMONG BANKS in Serbia.

The preliminary conclusions of the survey indicate that:

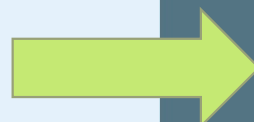
- ✓ The banking sector began to **RECOGNISE CLIMATE RISKS** and a half of them defined the concept of that risk in their internal acts;
- ✓ More than a half of banks expect **A SIGNIFICANT IMPACT OF CLIMATE RISKS** on the bank's risk profile in the coming period;
- ✓ The majority of banks **HAVE NOT YET INCLUDED** these risks in the scope of the bank's management bodies, nor in the system of reporting on risks;
- ✓ **A half of banks did not define ANY LIMITS** in respect of climate risks.

НАРОДНА БАНКА СРБИЈЕ
NATIONAL BANK OF SERBIA

COOPERATION OF REGULATORS IN THE FIELD OF EXCHANGE OF EXPERIENCES, KNOWLEDGE AND CLIMATE RISK MANAGEMENT

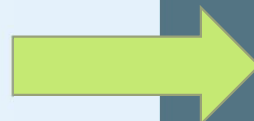


Within the **new regional IPA project**, we will work together with central banks from the European System of Central Banks to include various macro scenarios of the impact of climate risks in the existing framework.



Since July 2021 we are a member of the **Network for Greening the Financial System**.

EBCI **Vienna Initiative**



We also participate in activities of the **Vienna Initiative Climate Change Working Group, which was founded this year** (co-chaired by the European Investment Bank, the European Commission, the European Bank for Reconstruction and Development and the World Bank Group).





COLLECTIVE ACTION FOR SUSTAINABLE SOLUTIONS

*Today's event is a proper collective
action.*

- ❖ ECOLOGY **must** be one of the priorities of policy makers, and in Serbia it is, because it is interwoven with many policies.
- ❖ OUR TASK is to find sustainable **solutions** which will be the best for our citizens – each activity should be carefully measured.
- ❖ ENERGY SECURITY is the **priority** – it takes time to build alternative energy sources.
- ❖ It is IMPORTANT to find **the right measure and the right sequence** of activities, and we all have to participate in it.

*Thank you for your attention.
I wish you a successful*
***First Western Balkans
Sustainable Investing Forum.***

