

The Banks And Sustainable Development

Violeta Madzova

*University Goce Delcev, Faculty of economics-Stip , Republic of Macedonia,
violeta.madzova@ugd.edu.mk*

Abstract

This paper focuses on the role of the banks in supporting sustainable development.

Its objective is to examine recent trends in banking and sustainable development, as well as to assess the implementation and application of the sustainable development policies adopted by the banks in the banking sector in Republic of Macedonia.

For that purpose it is made a comprehensive analysis on the trends of “sustainable finance”, as well as research on the practices in the Macedonian banking sector in supporting sustainable society.

Namely, at the beginning of the 21st century, the banks in the industrial world have become complex financial organizations that offer a wide variety of services to international markets and control billions of dollars in cash and assets. Supported by the latest technology, banks are working to identify new business niches, to develop customized services, to implement

innovative strategies and to capture new market opportunities. By means of their financing policy, banks can then take specific measures to contribute to sustainable entrepreneurship.

As the analysis indicates, with few exceptions bank policies in the West Balkans are lagging significantly behind relevant international standards and best practices.

Until recently, most Macedonian banks did not consider environmental and social concerns to be particularly relevant to their operations.

Today, however, the integration of sustainability into the banking sector of Macedonia has taken two key directions:

Support the environmental and social responsibility through financial contribution in environmental initiatives and socially responsible initiatives

Integration of environmental and other sustainable development criteria into lending and investment strategy of the banks

Therefore, the paper reviews the environmental and social policies of the selected big and medium sized banks in Macedonia, as well as policy and the practices of the specialized promotion bank-Macedonian Bank for Development Promotion.

1.INTRODUCTION

Sustainability is about meeting the needs of the present without compromising the ability of future generations to meet their needs.⁵ It is about preserving the environment and biodiversity for future generations, and about being cautious with our natural resources and climate. But sustainability is also about guaranteeing human rights and a life in dignity, free from want and poverty for all people living today.

In the present, globalizing world, private banks play a crucial role in allocating financial resources. As a large majority of all companies and governments in the world is dependent on the financial services of private banks, these financial institutions play a key role in every segment of human activity. While their financial services are used too often for activities which are harmful to the environment, human rights, and social equity, banks can also be powerful agents of change.

In fact, due to their intermediary role in the economy, banks hold a unique position with regard to sustainable development. This intermediary role is both quantitative and qualitative.

Through their efficient credit approval systems, banks are well equipped to weigh risks and attach a price to these risks. Through the price differentiation, banks can foster sustainability. Banks can also develop more sustainable products, such as environmental or ethical investment funds. In addition, there is great scope for banks to improve their internal environmental performance.

2.THE TRENDS IN SUSTAINABLE FINANCE

The banking sector's emerging recognition of environmental and social responsibility was

⁵ Jan Willem van Gelder "The do's and don'ts of Sustainable Banking - A BankTrack manual"- 2004, pg.3

driven to a large degree by outside pressures.

Namely, at the very beginning of 21 century (i.e. in 2000) the environmental organizations such as Friends of the Earth and the Rainforest Action Network challenged the industry with high-profile campaigns that highlighted cases in which commercial banks were “bankrolling disasters”. In 2002, a global coalition of non-governmental organisations (including FoE, RAN, and WWF-UK) promoted sustainable finance in the commercial sector. ⁶This informal network subsequently evolved into BankTrack, whose vision for a sustainable finance sector was expressed in the Collevocchio Declaration of January 2003.

Now endorsed by more than 200 organisations, the Collevocchio Declaration remains the benchmark by which civil society will measure the banking sector’s commitment to sustainable development.

The discernible shift that many banks have made in recent years towards addressing the environmental and social impacts of their financial services is a welcome and important first step in this direction. More and more banks realize that ignoring social and environmental issues could considerably increase their exposure to credit, compliance and reputational risks. The progress banks make in this field, however, will be measured not by good intentions or even by strong policies on paper. To advance sustainability, banks must seek improved performance and results on the ground in affected communities and environments.

The fall-out of the financial crisis continued in 2011, affecting many people around the world and in the communities where we live and work. The current economic environment has prompted some to examine the global banking system, asking fundamental questions about the role banks play. At the same time, the need for a stable international financial services system has never been greater. Volatility in global markets, risk of contagion in the euro zone, high unemployment levels across North America and increased levels of household debt can affect each and every one of us.

Today the question is no longer whether commercial banks should address the sustainable development aspects of the activities they support, but how they should do it – what substantive standards should they apply? How should they implement them? And how should they assure compliance?

3.THE ROLE OF THE BANKS IN SUSTAINABLE DEVELOPMENT

As mentioned before, the banks are the most important intermediaries in an economy. This intermediary function centres on bringing together and coordinating savings and investments. As a financial intermediary between entities on the market, a bank has four functions: transforming money by size, duration, place and/or time, and risk.

It is particularly this last function (the distribution and management of risks) that will probably be the most important one for attaining a sustainable society. Between borrowers and lenders of money what develops is information asymmetry, including that which concerns environmental aspects.

Banks have extensive and efficient lending operations and have a comparative advantage in information (as a result of the knowledge they have of economic sectors, regulations and market developments). By in principle having a solid view of environmental and financial

⁶ Marcel Jeucken “Sustainable Finance and Banking” November 2001, pg.5.

risks, banks fulfil a key role in reducing information asymmetry between entities in the market. A bank can attach a value or price to reduce that uncertainty.

Interest rate differentiation among sustainability aspects is justified from risk perspectives. The scope for interest rate differentiation increases if banks can raise funds more cheaply because they have a relatively 'well qualified' credit portfolio. Banks can go a critical step further by applying interest rate differentiation on the basis of the will to stimulate sustainable development. By means of their financing policy, banks can then take specific measures to contribute to sustainable entrepreneurship.

By now, various banks have drawn up their own methods to determine the environmental risks associated with potential clients.⁷

A number of banks are also marketing specific environmental loans for SMEs.

Investing for proprietary trading (in which the same risks as previously described are generally applicable) and investing as commissioned by clients are becoming increasingly more important activities for banks.

In cases where clients are interested not only in financial rewards but also in ecological and social rewards, an interesting market develops. The market for funds that invest exclusively in companies demonstrating progressive environmental care, for example, is growing dramatically.

Also available are funds specialising in solar energy, wind energy and environmental technology. It is no longer pure idealism, however, that is driving the success of these funds since the financial yields of several of the more 'sustainable' funds are above the market average.

Dealing openly with this process of change, both internally and externally, will lay the foundations necessary for sustainable banking. This is not a process that can or will take place overnight. A key factor in this process of change is how a bank sees itself within the global setting.

Thus, companies have to implement the idea of the Corporate Social Responsibility, which is an equivalent of the sustainable development at the microeconomic level.

The basic principle of the sustainable development and Corporate Social Responsibility is the combination of needs important both from the point of view of an institution, as well as a group of entities operating in its environment (employees, shareholders, stakeholders, borrowers, local society) within its business policy.⁸ Thus, the goal of a contemporary organisation should be to maximise its shareholders' value satisfying, at the same time, expectations of other stakeholders (stakeholders' value) by integrating economic, social and environmental operations.

4.SUSTAINABLE FINANCE IN MACEDONIAN BANKS

Until recently, most Macedonian banks did not consider environmental and social concerns to be particularly relevant to their operations.

In the recent years, however, the integration of sustainability into the banking sector of Macedonia has taken two key directions:

- Support the environmental and social responsibility through financial contribution in environmental initiatives and socially responsible initiatives

7

⁸ WWF & BankTrack Report - "Shaping the future of sustainable finance" – WWF, 2006, pg 11

- Integration of environmental and other sustainable development criteria into lending and investment strategy of the banks.

The development of sustainable financing in both directions are partly due to the more favorable legal environment created by the Government of the Republic of Macedonia focused towards enabling sustainability, fair competition, competitiveness and better social inclusion at the labor market. In that given environment, the banks were just trying to accommodate and include some of the Government's directions in their strategies and credit policies.

The other reason for more socially responsible banks lies partly to the general policies of the international banks which in recent 10 years entered in almost all Macedonian banks and therefore brought a new philosophy of bank management.

Additional reason for the acceptance of so called *sustainable finance* by the commercial banks was the strengthened position of the Macedonian Bank for Development Promotion which credit lines were mostly focused on financing sustainable development while the commercial banks were agent banks for these lines.

4.1. Legal preconditions for developing "sustainable finance" in Macedonian banks

a) Legal environment promoting and supporting social corporate responsibility

The concept of social responsibility was basically recognized by the Government through adopting the Law on donations and sponsorship in 2007, envisaging many tax exemptions for the sponsorship and donation provided by legal entities (including banks) as well as citizens in the areas of ecology, social inclusion issues, human rights, social care, health, science and culture. The same year, the social responsibility concept was even more acknowledged by establishment of the National coordination body for corporate social responsibility as permanent working group within the Macedonian Government Socio-economic Council.

In 2008 the body created and the Government adopted National Strategy (Agenda) for corporate social responsibility which was a platform for further raising awareness for the social responsibility concept, capacities and competences development for further incorporating of the CSR concept in all business strategies of the real sector as well as creating more favorable environment for the further promotion and establishment of social responsibilities in Macedonian legal entities.

All this was strong incentive for the banks in their efforts to be recognized as socially responsible entity who acts like a good citizen and contributes to the community more than the common banking operations envisaged. In the banking competitive market the banks were quite aware that the tax exemption and the good image that would be created through corporate social responsible actions will just strengthen their position at the market, and even increase the profitability.

As of 2010 the the National body for CSR organizes competition called as “ National award for the corporate social responsible best practices in the area of : relationship with employees, ethical management , market relations with suppliers/customers, environment protection and investment in community. In almost all areas, the banks turns out to be either winner or one of the best in certain area of CSR activities.

- b) *Legal environment for incorporation of the sustainable development criteria in bankin strategy and lending policy*

Trying to create favorable environment for sustainable development in the country the Government of Macedonia created and adopted numerous of law, bylaw as well as strategic documents mostly in the area of:

- environment with special emphasize on energy efficiency and renewable energy production ;
- entrepreneurship , startup companies and SME development ;
- labor rights, active measures for employment, poverty reduction and social inclusion at the labor market
- developments and restructuring of the agro-sector.

- Environment – Energy efficiency and renewable energy production and usage

In order to stimulate the energy efficiency as well as the production and usage of renewable energy the Government has adopted the following strategic document and laws:

- ✓ Energy law (in 2006 and new Energy law in 2011)
- ✓ Strategy for energy efficiency till 2020 year
- ✓ Strategy for Energy development (2008-2020) with vision till 20130
- ✓ Strategy for renewable energy usage in Republic of Macedonia till 2020
- ✓ National programme for energy efficiency in public buildings (2012-2018) draft

Besides the document the Programme for enhancing the usage of renewable energy in RM was adopted and the Energy Efficiency Agency as well as the Energy efficiency Fund were established in 2010. This was a strong signal first for MBDP as well for some commercial banks to create special credit products for financing environmental including energy efficiency and renewable energy project offering special and more favorable terms of crediting.

- Entrepreneurship , competitiveness and SME development

The Ministry of Economy as responsible authority for creating favorable business climate , has created and Government adopted the following documents which support SME development :

- ✓ National strategy for SME development (which was drafted in 2002 , reviewed in 2004 and amended in 2004)
- ✓ Four years Programme for SME development (first adopted in 2006) envisaging support and subsidies for micro and small enterprises and special support for establishment of SME

- ✓ Programme for SMEs' entrepreneurship, competitiveness and innovation development 2012 envisaging financial support to handicrafts and micro enterprises in standardization of their work.

Knowing that the micro and small enterprises are financially not strong enough and need loans at least in first years of their work, the Government adopted so called Law on banks for micro financing, envisaging the banks which will be established for micro financing only , with more favorable lending policy in terms of interest rate, collateral and repayment period.

It gives the incentives for all other banks to incorporate special and more favorable conditions in their lending policy when financing micro and small enterprises.

- Labor rights, active measures for employment, poverty reduction and social inclusion at the labor market

One of the most favorised area in terms of creating favorable conditions through legislation is the area of labor and social policy , tackling the issues of labor rights, active measures for employment, poverty reduction and social inclusion at the labor market .

Therefore , the following law and strategic document have been adopted:

- ✓ Labor law
- ✓ Employment Strategy 2006-2010
- ✓ Employment Strategy 2011-2015
- ✓ National Strategy for poverty reduction and social exclusion in RM 2010-2020
- ✓ National Strategy for youth (envisaging special measures for employment of youth in RM

As of 2007 the Government has been adopting the Operation plan for implementing Active measures for employment envisaging measures for :

- ✓ **Smart growth** – program for preparation for employment
- ✓ **Sustainable growth** – Programme for self-employment and Programme for financial support of the SME for new employments
- ✓ **Inclusive growth** – Employment Subsidy programme , Programme for social useful work, Programme with packages for employment support

The active measures supported the self employment initiatives by giving financial support in amount of 3000 EUR for start up businesses with special focus of unemployed young people. Although these fund were highly welcomed by unemployed youth, in many cases they were not enough and additional fund in terms of loans were needed. This directly impacted the banks to create the special lines for start up business and self-employment which was seen as a complementary funding for successful outcome from the active measures created by the Government.

- Developments and restructuring of the agro-sector

Over 10 years the agro sector (primary producers and food processors) are supported through the fund provided by IFAD-International Fund for Agriculture Development . Some of the banks have been even specialized for crediting the agro-sector being additionally supported

by IFAD funds, or they have created complementary credit packages (comprised of both banks and IFAD funds)

In recent years the agriculture was seen as a part of the rural development and gives a new light in respecting the principles of rural development in the EU context.

Therefore the Government adopted several laws and bylaws enabling favorable environment for agro sector development (within rural development umbrella) through financial and other support:

- ✓ National strategy with action plan for organic production 2008-2011
- ✓ Law on organic production
- ✓ Law on agriculture and rural and development (envisaging among the other issues measures for support of rural development , the state aid in agriculture and rural development)

As of 2010 the Ministry of agriculture, forestry and water economy , has been creating the Programme for financial support of the rural development aimed to increase competitiveness in agro sector

Additionally , in the period 2007-2011 the state withdraw over 60 milion EUR for implementing the IPARD measures for rural development in order to prepare the agro sector for EU accession .

The IPARD fund are aimed for investments for restructuring the farms and food processing facilities according to Community standards requirements as well as for diversivication and development of rural communities .

As the IPARD funds cover 50% of the total costs, the rest should be financed by the farmers own resources (i.e own savings or loans by commercial banks). The Government even has formal discussion with the banking sector , for providing additional 50% of the fund through crediting with special favorable conditions in order to support implementation of the project for agro sector restructuring and rural economy diversification.

4.2.The role of the Macedonian Bank for Development Promotion (MBDP) in supporting “sustainable financing”

Although the Government of the RM has given strong incentives towards corporate social responsibility concept implementation and promotion of further aspects of sustainable financing, it seems that the strongest initiative in this sense is given by the Macedonian Bank for Development Promotion as it is already incorporated the concept of sustainable financing and corporate social responsibility in its strategy business philosophy and policy.

Namely MBDP offers the following financial products:

1. Lending

- export credit financing - working capital for pre-shipment export finance and working capital for bridging the period between export and collection of payment from the foreign buyer;
- credit support to SMEs - permanent working capital and investment financing from various fund sources: ICL-Revolving, MBDP, EIB-Revolving, EIB-50 million euros;

- credit support to agriculture and agro-industry - primary production, processing and export;
- micro financing - micro and small scale enterprises, individual entrepreneurs, handicraft shops, private merchants, market counters, and other micro and small scale entities;
- financing energy projects - energy efficiency and renewable energy sources;
- loans for reducing unemployment - creation and preservation of jobs and self-employment financing.

2. Credit insurance of:

- domestic accounts receivable (pre- and post-shipment)
- export accounts receivable (pre- and post-shipment) against commercial and political risk.

3. Factoring – i. e . providing finance to:

- small and medium-sized enterprises registered in the R. Macedonia, through commercial banks, i.e. intermediary banks, and
- export oriented enterprises registered in the R. Macedonia, through commercial banks, i.e. intermediary banks or directly through MBDP.

For the purpose of the analysis, the most important financial products are credit products, i.e. credit lines for :

-export credit financing – providing working capital for pre-shipment export finance or bridging the period between export and collection of payment from the foreign buyer (with minimum amount: EUR 15,000 and Maximum amount: EUR 2,000,000, repayment period of 2 year and interest rate of 6%). These loans is distributing through 14 intermediary Banks (out of 18 banks) in Republic of Macedonia.

-SME financing – permanent working capital and investments from different sources: ICL-revolving, MBDP, EIB-revolving, EIB-50,000,000 euros . The minimum amount per beneficiary is EUR 5,000 while maximum amount is over 600.000 EUR , with repayment period of 3 years/grace period of 6 months and interest rate of 5,5%). These loans is distributing through 11 Macedonian intermediary Banks .

-financing agriculture and agro-industry – for primary production, processing and export of agricultural products , including investments supported by IPARD Programme (with different conditions relating the sub- purpose and the beneficiaries of the loans) and being disbursed through 11 Macedonian intermediary banks.

- micro financing - micro and small scale enterprises, individual entrepreneurs, handicraft shops, private merchants, market counters, and other micro and small scale entities (with amount up to 15.000 EUR and repayment period of 2 years for micro loans and up to 50.000 EUR and repayment period of 4 years for small loans) . These loans is distributing through 5 Macedonian intermediary banks .

- financing energy projects – i.e. energy efficiency and renewable energy projects, environmental care and improvements of energy climate (with amount up to USD 500,000 per beneficiary , envisaging repayment period of 6 years and floating interest rate). The loans are being distributed through 5 Macedonian intermediary banks .

- loans for reducing unemployment – total amount of 10.000 EUR for creation and preservation of jobs and self-employment (with the individual loans up to 400.000 EUR , repayment period of 7 years and grace period of 2 years and floating interest rate. This credit

line is expected to create 950 new jobs and the loans are distributed through 3 Macedonian intermediary banks.

The fact that all above mentioned credit lines are distributed through the commercial banks, the lending policy of the commercial banks is affected in two ways:

-Being the intermediary banks for MBDP credit lines they accept the credit products as their own and further more create credit conditions regarding their general credit policy, respecting terms from the agreement signed with MBDP.

-In case of positive experience related to sustainable financing, the banks dedicate certain amount of their own banking fund and create special credit lines that support sustainable development areas.

5.MACEDONIAN BANKS IN FINANCING SUSTAINABLE DEVELOPMENT

The Macedonian banking sector is composed by 17 banks among which, 3 of them are categorized as big, 9 as medium and 5 as small banks. The structure of the assets is highly concentrated in the hands of the small and some medium banks. Namely 13 out of 17 banks individually participate with less than 5 % of the total banks assets, while 11 of them individually possess less than 3%. Therefore analyzing the big and selected medium banks might give us representative and real image in case of sustainable financing research.

In fact, the research for the purpose of this paper was made through desk work and structural interviewing of the representatives of 3 big and 4 medium banks.

In fact the preliminary analysis included the involvement of 2 small banks, however the interest and involvement in corporate social responsibility concept and sustainable financing was very limited if not insignificant for the research.

1. The first area of research was focused on the level of accepting the concept of Corporate social responsibility in terms of business philanthropy, financing community projects, environmental initiatives as well as humanitarian, cultural and other socially useful activities.
2. The second area was the assessment of the level and way of integration of environmental and other sustainable development criteria into lending policy of the selected banks

5.1. Corporate social responsibility concept in the banks philosophy and strategy

The selected banks were interviewed among which the main questions and aspects for analyzing were as following:

CRS values: Does your bank have incorporated corporate social responsibility values in your banking philosophy and strategy (bank mission, code of conduct, etc)?

CSR strategy and operational plan: Has your bank developed the corporate social responsibility strategy and operational plan for supporting/financing CSR projects for each year?

Transparency: Does your bank is transparent and accountable for supported projects?

CSR areas supported: What areas of corporate social responsibilities does your banks finance?

Projects supported: How many project per year are supported or /and total amount per year allocated for CSR projects

The analysis and interviewing the selected banks representatives gives the following results:

Table 1- Concept of CSR in Macedonian banks

Areas/Questions	Big banks (3)			Medium banks (4)			
	I KB	II NBG	III NLB	I Halk	II Spar	III TTK	IV Pro-credit
CRS values	YES	YES	YES	YES	YES	YES	YES
CSR strategy	NO	YES	YES	NO	NO	YES	NO
Transparency	YES	Partly	YES	YES	Partly	YES	Partly
CSR operational plan	Partly	Partly	YES	NO	YES	NO	Partly
CSR areas supported	Sport Culture Science Health Social Humanitar	Sponso rship Donatio ns				Award for CSR	

In details, analyzing the concept of CSR in the selected banks, the following comments and conclusions can be made:

- All banks (small and medium size ones) have declared their commitment and responsibility to the community and citizens through incorporating the CRS values in their Code of conducts , the statements related to the banks' mission and objectives.
- However only few of them (two big and one medium sized bank) have incorporated the concept of CSR in their business strategies or create special CSR strategy.
In fact the concept of CSR is mostly at the level of business philanthropy and in most cases can't assure sustainable component in any of the sponsored or donated project/actions.
- Transparency and accountability can be recognized in almost all of the selected banks. Namely most of the banks have announced officially the CSR project that have been supported (in terms of sponsorship and donations) and its considered as their PR activity , however no incentives about the amount of money spent on certain projects nor official figure about total amount of money allocated

for this purpose. Asked during the interview to precise approximate amount for CSR projects, almost all interviewers considered this question as confidential one.

- Furthermore only several banks have open invitation for those who ask for sponsorship/donations and /or offer e-application on their web-pages. In most cases the request are made through direct meeting with high level of management and only in few cases there is an official who has certain responsibilities about monitoring and follow up of CSR projects/actions.
- This all leads to the further conclusions that the annual plans for sponsorships and donations are partly created in advanced, but most of the activities are sponsored/donated ad hoc as the top management consider it as interesting one.
- Almost all banks have similar CSR areas to support. These banks are involved in practically the most important humanitarian/health, cultural and sport activities and noting that in recent two years the social, humanitarian and health project are more sponsored than the sports and cultural events as it was a case in the years before.
- Even more, some of the selected bank has got CSR award for social responsible company which is awarded by the National Coordination body for CSR in recent two years.
- It is also evident the progress that the banks made supporting different projects and actions so that the number of yearly supported CSR projects are between 5-6 in the middle sized banks and 15-23 project in the big banks.

5.2.Credit policy and sustainable development in Macedonian banks

In order to assess, whether the sustainable development criteria are incorporated into the credit policy of the selected banks, the following issues were discussed/questions asked:

Credit lines: Does your bank have special credit line supporting sustainable development?

Lending policy: Does your bank incorporate sustainable financing in its lending policy?

Number of loans: How many credit products are provided by your bank that finance the sustainable development projects?

Intermediary: How many and which credit lines/products does your bank distribute as an intermediary bank of MBDP?

Own sources: How many and which credit lines/products does your bank distribute from its own resources supporting sustainable development?

The results from the research are given in the Table 2:

Table 2 – Sustainable development criteria into the banks' credit policy

Areas/Questions	Big banks (3)			Medium banks (4)			
	I	II	III	I	II	III	IV
Credit lines	YES	YES	YES	YES	YES	YES	YES
Lending policy	Partly	Partly	YES	YES	Partly	Partly	YES
Number of loans	7	4	7	9	5	4	5

Intermediary	Export SME Agro Energy Self-employment	Export SME Agro	Export SME Agro Micro Energy	Export SME Agro Micro Energy	Export SME Agro Micro	Export SME Agro	Micro
Own sources	Special clients Energy efficiency	Special clients	Special clients Agro	Special clients Start up business ECO plus ISO Certif	Agro	SME	Energy Micro Eco Agro

Additionally the 5 areas of particular environmental or social concerns were analyzed through selected banks. The results are given down below:

Table 3- Areas of particular environmental/social concerns in the banks' credit policy

	Environment & Energy	Agriculture	Social aspects	SME development
Big banks				
I Bank		X	X	X
II Bank			X	X
III Bank		X	X	x
Medium sized banks				
I Bank	X	X	X	X
II Bank			X	x
III Bank			X	x
IV Bank	X	X	X	X

Analyzing the types of loans provided by the selected banks in terms of financing sustainable development, the following comments and conclusions can be made:

- In general all selected banks offer different types of loans for financing sustainable development
- However, despite of high level of awareness to corporate social responsibility projects and actions, the same level of commitment is not indentified with their credit policy. In fact only limited number of selected banks truly incorporate sustainable financing in their lending policy, while the others provide almost all sustainable loans being in a positions of intermediary bank for MBDP credit lines.
- Even two out of three big banks, which were the leaders in supporting ad-hoc CSR projects, don't apply the same rule while creating the structure of their credit portfolio.
- Related to the number of the sustainable finance areas that are covered by certain loans it also important to mention that medium size banks are not much behind the big ones. Just on the contrary, one of the medium size banks have 9 different types of credit products for sustainable development support while the big banks provide 5-7 different credit lines for the same purpose.
- The real image is even more obvious when analyze the source of funding for such credit lines. Namely most of these loans for sustainable development is financed by the international sources acquired through Macedonian Bank for Development Promotion (MBDP). Practicably 3 selected banks have only one credit line for sustainable development purpose, while all the rest are part of the intermediary agreement with MBDP.
- When analyzing the types of loans from the banks own sources (own capital, deposit and non deposit sources) most of selected banks have developed loans for special group of citizens, such as youth, (students loans), retired old people (who are not eligible for common types of loans), people employed in the health and education, while the loans for self-employment and start up businesses are provided by one big and one middle sized bank only.
- Additional two middle sized banks are providing from their resources so called ECO loans for environmental projects and energy efficiency actions, while one of them is also support certification and standardization of the working procedures in small and micro companies.

When analyzing the table 3- Areas of particular environmental/social concerns in the banks' credit policy, it can be concluded that:

- The most represented area of sustainable development financed by all banks are the area of agriculture as well as financing of micro and small enterprises. The certain loans for support of the primary production or food processing, as well as micro and small loans are present in each of the selected banks credit portfolio.
- Energy and environmental issues are however financed mostly from MBDP credit lines while 3 banks create their own credit product for the same purpose.

The least represented credit lines are those who are supporting certain social aspects, employment of young people, self-employment and other project for certain group of marginalized group of people

6.CONCLUSIONS

The research findings are bringing us to the following conclusions:

1. There is appropriate level of social corporate responsibility among the selected banks - the financial support of the social initiatives (culture, science, sport, and other initiatives) supported by the most of the banks as well as presence of transparent policies on social corporate responsibility.
2. Limited number of banks are developing sector-specific policies that apply to their lending activities. They established special credit lines with favorable conditions to finance agriculture organic production, renewable energy production, micro

innovative business support , as well as startup companies support for certain social categories.

3. In fact, despite of high level of awareness to corporate social responsibility projects and actions , the same level of commitment is not indentified with their credit policy In fact only limited number of selected banks truly incorporate sustainable financing in their lending policy, while the others provide almost all sustainable loans being in a positions of intermediary bank for MBDP credit lines. Therefore MBDP is the biggest promoter of the special loans for sustainable development , while some of the medium sized banks are trying to assure better position at the market , with allocating part of their credit potential for the purpose of sustainable development financing.

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