



# JUDGES REPORT 2017

## INTRODUCTION

In 2016, KBA launched the Sustainable Finance Initiative (SFI) Catalyst Awards and honoured institutions that have embedded the industry's adopted SFI Guiding Principles in their core operations and lending practices.

The Principles, have been designed to articulate the industry's aspirations of creating long-term value for the economy, the environment and society at large. Through the Awards, financial institutions are able to showcase their industry leadership and innovation while reinforcing the role they play towards sustainable development.

In 2017, KBA sought to also celebrate institutions that have embodied the adopted Principles. KBA constituted a pool of six sustainability experts to be in the judging panel. In the course of four months, the panel assessed 33 entries submitted by 14 institutions based on the award criteria.

## AWARD STRUCTURE

Three categories were featured in the 2017 Catalyst Awards. Two of the featured categories had sub-themes. The categories were:

Category 1:

- Best Practice in Sustainable Finance
- Sustainability Through Policy and Governance

Category 2:

- Client Case Study – Financing Micro, Small and Medium – sized Companies
- Client Case Study – Financing Commercial Clients
- Bank Case Study – Bank Operations and Policy

Category 3: Special Category

- Best Overall Award
- Most Improved Financial Institution

A workshop was held to guide applicants on the indicators that the judges would use to assess the entries. During the workshop, applicants received a booklet detailing the categories and indicators. In addition, the Secretariat shared the 2016 Judges Report with the objective to further give guidance to participating firms.

### ENTRIES RECEIVED BY THE JUDGES

After KBA issued an advertisement in the Daily Nation calling for entries, 14 institutions submitted a total of 33 entries with some firms having multiple submissions in the various categories. In order to promote Sustainability across institutions, the judging panel accepted non-bank entries from institutions operating in the financial services and mobile banking space.

	Institution	Category 1	Category 1	Category 2	Category 2	Category 2
		Best Practice in Sustainable Finance	Sustainability through Policy & Governance	Client Case Study/Financing Micro, Small & Medium - sized Companies	Client Case Study /Commercial	Bank Case Study: Bank Operations (Green Policy/Green Branch/ Green Headquarters
1	Barclays Bank- Tier 1					
2	CBA - Tier 1					
3	Co-operative Bank - Tier - 1					
4	Diamond Trust Bank - Tier 1					
5	Equity Bank - Tier 1					
6	KCB - Tier 1					
7	KWFT - Tier 2					
8	Lendable Inc - Tier 3					
9	National Bank - Tier 2					

10	NIC Bank - Tier 2					
11	Prime Bank - Tier 2					
12	Safaricom - Tier 1					
13	Stanbic - Tier 1					
14	Standard Chartered - Tier 1					

Figure 1: Entries Received by Judges in 2017

## JUDGING PROCESS



The Secretariat convened three judges' meetings. In the first meeting, the judges were taken through the assessment criteria and the scoresheet that was developed by KBA. With no objections, the judges adopted the scoresheet and the assessment criteria which was also used in 2016. Subsequently, each judge received printed and soft copies of the entries from the Association on 7<sup>th</sup> September 2017. The judging panel constituted of:

1. Ms. Anne Macharia – Senior Compliance and Enforcement Officer, NEMA
2. Eng. Dan Ndenga - Co-founder of Miltech
3. Mr. Edward Mungai – Chief Executive Officer, Climate Innovation Centre
4. Dr. Peter Muriu – Lecturer, University of Nairobi
5. Ms. Rosemary Mutunkei – Director, Aga Khan Foundation
6. Mr. Tumurkhuu Davaakhuu – Chief Executive Officer, Arig Bank and Vice President of the Mongolian Bankers Association.

A Guidance Note in PowerPoint form which provided direction on the process of scoring was also sent to the judges. The judges based on their judgement and expertise assigned scores for each firm. KBA convened a meeting where the judges shared their final scores and gave the Association feedback on the quality of entries.

## SCORING METHODOLOGY

The judges awarded the maximum points of each entry based on the three categories. Category 1 – Best Practice in Sustainable Finance carried the most points.

	Maximum Points
• Best Practice in Sustainable Finance (Tier 1, Tier 2, Tier 3)	2,800
• Sustainability Through Policy & Governance	1,400
• Client Case Study - Commercial	1,400
• Client Case Study - Financing Micro, Small, Medium Enterprises	1,400
• Bank Case Study - Bank Operations & Policy	1,400
• Special Awards (Best Overall Award and Most Improved)	

### Best Overall Award

The Best Overall Award covers a multitude of areas and indicators. A firm is eligible to receive this award if they have entered the category of Best Practice in Sustainable Finance which covers the themes and indicators in all the other categories. The total score obtained in the Sustainable Finance entry was then added to the two best entries and then divided by the number of entries being assessed.

### Most Improved Award

Through consensus, the judging panel decided to award an institution that has shown great improvement in their submission in comparison to their 2016 entry. This new category was based on the total consolidated score of institutions who entered in 2016 in comparison to their entry in 2017.

### FINAL SCORE

The judges confirmed their final score as detailed below.

	Institution	Category 1	Category 1	Category 2	Category 2	Category 2
		Best Practice in Sustainable Finance	Sustainability through Policy & Governance	Client Case Study/Financing Micro, small & Medium Sized Companies	Client Case Study/Commercial	Bank Case Study: Bank Operations (Green Policy/Green Branch/ Green Headquarters)
1	Barclays Bank-Tier 1				200	
2	CBA - Tier 1			675		
3	Co-operative Bank - Tier - 1	1820.3	940	760	875	855
4	Diamond Trust Bank - Tier 1			980		

5	Equity Bank - Tier 1	1597.7	1020	925	750	720
6	KCB - Tier 1	1861.5	930	685	835	810
7	KWFT - Tier 2	1428	700	665		
8	Lendable Inc - Tier 3				610	
9	National Bank - Tier 2	483.2		290	385	
10	NIC Bank - Tier 2		410	505	495	
11	Prime Bank - Tier 2		750			
12	Safaricom - Tier 1		1080			
13	Stanbic - Tier 1			365	330	
14	Standard Chartered - Tier 1				775	

Figure 2: Points per entry

### Awards

The top three institutions were eligible for an award. A trophy and a certificate were given to the firms that emerge first. A certificate was awarded to institutions that emerged second and third place, respectively.

### JUDGES' COMMENTS AND RECOMMENDATIONS

The judging panel agreed that the 2017 entries, in terms of quality, were a great improvement from the 2016 entries. The judging panel strongly felt that every institution has to realise that sustainability must be at the core of their operations.

### Quality of Entries

The judges felt that the submission came from a diverse pool of financial service providers but KBA was challenged to get participation from pension funds, insurance and other non-bank financial institutions.

They also tabled areas of improvement that would aid institutions to better position themselves in the next year's Awards.

### Areas of Improvement

1. A few entries were perceived to be flat since applicants answered questions as required without giving further context; while other firms were not going straight to the point and they provided information that was irrelevant. The judges also found that some firms did not understand what was expected from them which led to submissions that did not meet the stipulated requirements against which scores were anchored on.

2. Applicants were urged to showcase the social aspect of their sustainability journey more strongly in the future.
3. In some instances, in Category 1 - Sustainability through Policy and Governance, the panel felt that there was no demarcation on policy and governance in the write-ups. Institutions would sometimes only highlight policy alone and leave out governance.
4. Firms were seen to focus on financial risk as opposed to both financial and non-financial risks as introduced in the SFI Guiding Principles.
5. A few firms were seen to take the Awards submission as a PR exercise. Their language and content did not reflect what was required.
6. Firms were challenged not to submit several cases in the same category and to also refrain from sharing many certificates of the awards they have won since this would not add value in the judging process.
7. It was recommended that firms should hire sustainability experts to enable them to effectively implement the Principles.
8. Firms were urged to showcase their intervention in the case studies shared. The banks in this category did not show their direct contribution to the outcomes documented.

### **Recommendations to KBA**

1. KBA to continue to guide the banks on how to submit their entries to prevent submissions that are not suitable for the laid-out categories. The Association is to issue strict guidelines on the adherence of the number of words and documentation shared by the various participating firms. Going forward, banks are to showcase the Principles and how they have implemented them.
2. The Association was tasked to give each applicant feedback on their submissions.
3. Each judge to be guided by KBA on how long it takes to review the entries, the scoresheet and the indicators.
4. As a measure to be effective, it was suggested that KBA should automate the tabulation of the scores.
5. The judges noted that a few institutions submitted their entries in the wrong category while others submitted multiple case studies for category 2 – Financing Micro, Small and Medium Enterprises. The panel requested the Association to include guidelines that restrict multiple submissions and templates.
6. The font size of the submissions from a few firms were deemed small. KBA was challenged to standardize the font size to enable the judges to review the entries seamlessly.
7. KBA to ensure that there is a sign-off from the CEO of their institution.
8. KBA to encourage the institutions to raise champions for the award.
9. Going forward, KBA was challenged to get a media partner for the event and also ensure to run press adverts to increase the Awards visibility.

### **Tips for Judges**

Judges were called to read the booklet with the indicators and also review the score sheets. After carefully reading and reviewing the material they should assign their scores. Lastly, it was determined that two months to review the entries was adequate.

### **Conclusion**

Overall, the quality of entries improved significantly from the 2016 submissions. In order to ensure that the financial industry in Kenya is well aligned in implementing Sustainable Finance Practices in their core operations, KBA will continue to recognize institutions that have embedded these practices and ensuring visibility is achieved through publicity.