



Key Developments in relation to Sustainable Finance and the Lending Market in Singapore – Q1 2024

28 March 2024

LEGAL UPDATE



In this Update

The first quarter of 2024 saw several developments that may affect the Singapore lending market.

In this update, May Ng and Krishna Sitaram highlight developments relating to (i) the launch of the Singapore Sustainable Finance Association by the MAS and (ii) the expansion of the Enterprise Financing Scheme – Green announced during Budget 2024.

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LAUNCH OF THE SINGAPORE SUSTAINABLE FINANCE ASSOCIATION

On 24 January 2024, the Singapore Sustainable Finance Association (“**SSFA**”) was officially launched as the first cross-sectoral industry body to support the development of Singapore as a leading global centre for sustainable finance. SSFA comprises of members from financial services, non-financial sector corporate, academic and other industry bodies and will work towards four strategic objectives:

- (a) galvanising the development of sustainable finance ecosystem and promote best sustainable finance practices in Singapore;
- (b) facilitating collaboration between the financial and non-financial sectors for sustainable finance to support the low carbon transition and sustainable economic growth of Singapore and the region;
- (c) bolstering Singapore as an international thought leader in sustainable finance; and
- (d) support the deepening of sustainable finance capabilities for the industry in Singapore.

SSFA’s workplan for the year includes the establishment of workstreams to focus on five key areas, i.e. carbon markets, transition finance, blended finance, natural capital and biodiversity, and taxonomy.

Managing Director of the Monetary Authority of Singapore, Mr. Chia Der Jiun highlighted in his speech during the launch that Singapore’s contributions to the transition to net zero can be strengthened on three fronts, i.e. standards, solutions and skills. To make a difference through standards, solution and skills, the financial sector and industry will need to come together to collaborate and leverage the deep expertise that resides in each domain, and SSFA will be the key platform to achieve this by:

- (a) **setting standards** – SSFA can lead in developing industry best practices in areas such as carbon credits trading and transition finance;
- (b) **driving innovative solutions** – SSFA can bring together financial institutions and industry sectors to identify more integrated approaches to address barriers in scaling the financing needed. For example, it can combine financing solutions from different asset classes, including risk mitigation tools, to improve the bankability of projects. This applies not only in climate mitigation, but also in financing less bankable projects related to climate adaptation and biodiversity preservation; and
- (c) **developing skills** – SSFA can contribute to upskilling and capacity building initiatives by guiding the relevance of sustainable finance

courses. This includes training courses offered by Institutes of Higher Learning and other training providers. In tandem, SSFA can also promote the take-up of the Institute of Banking and Finance's skills certification schemes, and organise capacity building workshops in areas not readily offered by the training providers (e.g. carbon markets, taxonomy application and blended finance).

Further details of SSFA can be found [here](#).

ENTERPRISE FINANCING SCHEME

In the Budget Statement delivered for the financial year commencing 1 April 2024 to 31 March 2025, Singapore Deputy Prime Minister and Minister for Finance Mr. Lawrence Wong announced the extension of enhanced support for green loans under the Enterprise Financing Scheme and the expansion of its scope to help more SMEs adopt green solutions. The Enterprise Financing Scheme – Green (“**EFS-Green**”) supports project developers, system integrators and technology & solution enablers who develop enabling technologies and solutions to reduce waste, resource use or greenhouse gas emissions, especially in the sectors of clean energy, circular economy, green infrastructure, and clean transportation. From 1 April 2024, EFS-Green will be expanded to include green solutions adopters to assist such enterprises to embark on their sustainability journey and reduce their carbon footprint.

Further details on EFS-Green can be found [here](#).

CONCLUSION

Drew & Napier LLC looks forward to continuing to support its clients as they navigate the above developments as well as new opportunities and challenges that arise in 2024.

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Authors:

May Ng (Director)

Krishna Sitaram (Senior Associate)

For questions or comments, please contact:



Renu Menon

Co-Head, Banking & Finance
Director, Corporate & Finance

T: +65 6531 2253

E: renu.menon@drewnapier.com



Pauline Chong

Co-Head, Banking & Finance
Director, Corporate & Finance

T: +65 6531 2796

E: pauline.chong@drewnapier.com



May Ng

Director, Corporate & Finance
Director, Banking & Finance

T: +65 6531 2258

E: may.ng@drewnapier.com

Drew & Napier LLC

10 Collyer Quay
#10-01 Ocean Financial Centre
Singapore 049315

www.drewnapier.com

T: +65 6535 0733

T: +65 9726 0573 (After Hours)

E: mail@drewnapier.com

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