



# NATIONAL DEVELOPMENT BANKS & FINANCING ADAPTATION INVESTMENTS

## Evolving Lessons, Challenges, and Opportunities

Inter-American Development Bank | 1300 New York Ave. NW, Washington D.C. **October 15th - 16th**

### Background

- National Development Banks (NDB) have a key role in supporting sustainable development in Latin American and Caribbean countries and have been effective in supporting mitigation measures.
- This workshop aims at informing NDBs about business opportunities in financing practical adaptation investments activities for their clients and constituents.
- The workshop aims:
  - ✓ At showcasing some examples of adaptation investments with financing demand and opportunities for upscaling and emerging best practice cases of scoping market demand for adaptation investments
  - ✓ At scoping the interest of NDBs in financing adaptation measures and technologies.
- In order to achieve this goal, the event will gather practitioners and international experts who will be sharing their views, knowledge and practical approach to some of the most important issues on adaptation financing, including perceived and real barriers and evolving solutions to adaptation investments. Furthermore, the climate risks and their influence on business and government continuity will be scoped.

### Questions the workshop tries to address

- How do climate risks change financing needs and create new business opportunities for productive sectors and NDB constituents?
- How do existing cases in the area of technological solutions, infrastructure proofing and insurance services enhance the adaptation process and influence financing decisions of banks and investment decision of investors?
- How does the policy and institutional environment enable adaptation investments?
- What investment barriers need to be overcome to enable adaptation investments, which risks can be addressed by the financial sector to support climate resilient development for businesses and governments?
- What is the role, opportunity, resource needs for National Development Banks to support climate resilient development? What can be learnt from the experience with mitigation investments?
- How can environmental and social safeguards systems support the identification of climate risks and inform decision-making? How can we build on experience from public adaptation investments?



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# National Development Banks & Financing Adaptation Investments

**Evolving lessons, challenges and opportunities**

**October 15-16, 2015  
Washington DC, USA**

**Inter-American Development Bank  
1330 New York Ave NW, Washington D.C. 20577  
Conference Room: CR3**

**English- Spanish Interpretation will be available**



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### Day 1 –October 15

**8:30 am**

**Registration**

**9:00 am**

**Opening Remarks – Climate Risks and their relevance to development**

Moderator: Irving Mintzer

Juan Antonio Ketterer, Division Chief, Capital Markets and Financial institutions Division, IDB

Ricardo Palma, Secretary General a.i., ALIDE

Amal Lee-Amin, Division Chief, Climate Change and Sustainability, IDB

**9:45 am**

**Opening Presentations – Climate Risks and their relevance to development**

Moderator: Irving Mintzer

**Building a climate resilient path to achieve long term adaptation in Latin America.**

-Alfred Grunwaldt, Senior Climate Change Specialist, IDB

**Climate Risk and Financial Institutions - Challenges and Opportunities.**

-Nikhil da Victoria Lobo, Vice President - Public Sector Business, SWISS RE

**Potential role for NDBs in Financing Adaptation – emerging lessons from financing climate activities.**

-Maria Netto, Lead Capital Markets and Financial institutions Specialist, IDB

- How might the impacts of climate change in Latin America create systemic risks for the mainstream investment portfolios of National Development Banks and other financial institutions operating in Latin America?
- How might investments designed to increase adaptive capacity and enhance resilience deliver multiple benefits for national development in the LAC region?
- How can investments in adaptation and resilience help to close the infrastructure investment gap in Latin America?
- What lessons have been learned from investments in climate mitigation that could apply to investments in adaptation and resilience concerning the opportunities for new partnerships between National Development Banks, multi-lateral development banks, and private sector institutions?
- How can the insurance and re-insurance industries support national efforts to enhance resilience while expanding access to insurance in Latin America?



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**11:15 am**

**Coffee Break**

**11:30 am**

**Policy and institutional enabling environment: Facilitating adaptation investments and reducing barriers**

Moderator: Irving Mintzer

**Adopting policy reforms and innovations to build climate resilience: Colombia's progress under Colombia National Planning Department's leadership.**

-Erica Niño, NDP

**Tools for identifying a governance enabling environment for public investment in disaster prevention and adaptation.**

-Sergio Lacambra, Natural Disaster & Risk Management Lead Specialist, IDB

- What are the key risks and barriers to investment by the private sector that can be addressed by governments in order to enable increased investment in adaptation and resilience in Latin America?
- How can governments and other institutions reduce the perceived risk of "regulatory re-trading," that has suppressed private sector infrastructure investment since the bad experiences in the Spanish solar market?
- What tools are available to National Development Banks and multi-lateral development banks which can provide financial reinforcements to investments by others in adaptation and resilience?
- What policies and measures can be adopted by governments and national financial institutions to ensure that investments in adaptation and resilience will generate a reliable revenue stream that is sufficient to pay back project-related debt?

**12:30**

**Lunch**

**2:00 pm**

**Role of climate vulnerability information and technology – How do they affect loan decisions**

Moderator: Irving Mintzer

**Broadband – Technology for Monitoring – Potential and Conditions.**

-Antonio Garcia Zaballos, Telecommunications Lead Specialist, IDB

**Interactive presentation: National Oceanic and Atmospheric Administration (NOAA Climate Services Program).**

-Nancy Beller-Simms, Program Manager, Sectoral Applications Research Program

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### **Systematization of climate (change) risks for micro and small agro producers.**

-Christoph Jungfleisch ,Senior Project Manager & Project Director, FS-UNEP Centre

### **Tools for prioritize Adaptation Investments.**

-Marco Antonio Fujihara, Director Key Asociados

- How can the tools of “Big Data” analytics help support lending decisions on adaptation and resilience projects in Latin America?
- More specifically, what kinds of data on climate variability and climate change are most valuable in evaluating lending decisions on adaptation and resilience by National Development Banks and private sector financial institutions?
- How can emerging broadband technologies be used to enhance adaptive capacity and increase resilience, particularly in the agricultural sector and in integrated response to extreme weather events?
- How can the new analytic metrics being developed by the insurance industry assist National Development Banks and private sector financial institutions in making loans to support adaptation and resilience?
- What lessons are being learned in other regions concerning information and insurance (e.g., through the work of the CCRIF and ARC) that might have relevance to the analogous situations in Latin America?

**3:30 pm**

### **Coffee Break**

**4:00 pm**

### **Banking experience with Adaptation and Disaster Risk Reduction**

Moderator: Irving Mintzer

### **Making Adaptation a Private Sector Business: Insights from Nepal.**

-Chiara Trabacchi, Climate Policy Initiative

### **Promoting Adaptive Practices in Agriculture and Water Resource Management.**

-Ignacio Miguel Oliver FIRA

### **Climate Proofing of Infrastructure Cities and local government; water, agriculture and forests; industrial infrastructure; the financial sector**

-Ana Lucía Pereyra- SOCIEDAD HIPOTECARIA

- What have been the most successful elements of historical experience by National Development Banks and MDBs in funding adaptation and resilience in Latin America?

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- What have been the least successful elements of that historical experience?
- What are the key lessons from disaster risk reduction investments by National Development Banks and MDBs that can be applied more broadly to adaptation and resilience?
- What innovations in financial structuring have been employed in relationship to disaster risk reduction that might be applied successfully to investments in adaptation and resilience?

**5:30 pm**

### **Wrap up and conclusions of the day**

Moderator: Irving Mintzer

- Jose Juan Gomes Lorenzo, Lead Capital Markets and Financial institutions Specialist, IDB
- Jose Guilherme da Rocha Cardoso, BNDES (Brasil)
- Doris Arevalo, Bancoldex (Colombia)

**6:30 pm**

### **Cocktail (Terrace Las Americas 7<sup>th</sup> Floor)**



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### Day 2 –October 16

9:00 am

**Climate-resilient Agriculture and Natural Catastrophe Risk - The role of Insurance and financial Institutions and PPPs in influencing loan decisions.**

Moderator: Irving Mintzer

**Agricultural & Natural Catastrophe Risk Financing and Transfer.**

-Juan Jose Durante, Financial Markets Lead Specialist, IDB

**Index Insurance products to protect the Agricultural Credit Portfolios of Financial Institutions**

-Romy Calderón, Chief of Economic studies, ALIDE

**Agricultural Supply Chain Adaptation Facility,**

-Elee Muslin, IDB

**ProAdapt - Regional Facility to Build Climate Resilience in Micro, Small and Medium Enterprises, Experience from the Brazilian Sertao.**

-Steve Wilson, Senior Specialist, Multilateral Investment Fund

Panel discussions:

-Luis Llanos, Financiera Rural (México)

-Juan Pablo Bustamante Caballero, Finagro (Colombia)

-Cicero F. Pontes, Banco do Brasil. (Brazil)

- How can recent innovations in the design and delivery of insurance products for the ag sector and in response to natural disasters be used to reduce transaction costs and expand access to insurance in Latin America?
- What metric of risk should be employed with respect to climate impacts and applied to the evaluation of investments in adaptation and resilience?
- What types of policy and regulatory interventions by governments are needed to create an attractive investment environment for expanding insurance coverage to climate-related risks in Latin America?
- How can National Development Banks collaborate with private sector insurers to help expand access to insurance for climate-related risks?
- What are the key challenges that must be addressed by insurance regulators in order to create a successful enabling environment for expanding access to insurance for climate-related risks in Latin America?

11:00 am

**Coffee break**

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### 11:30 am **Opening Presentations – Climate Risks and Infrastructure Investments**

Moderator: Irving Mintzer

#### **The Emerging and Sustainable Cities Initiative (ESCI): Key results of vulnerability and risk assessments in 10 cities in LAC.**

-Horacio Terraza, Water sanitation Principal Specialist, IDB

#### **Managing natural disaster risks in Latin America,**

-Nikhil da Victoria Lobo, Vice President - Public Sector Business, SWISS RE

#### Panel discussions:

-Luis Fernando Ulloa, FINDETER (Colombia)

-Carlos Paredes, Cofide (Peru).

- What are the key needs for investment in climate-related infrastructure in Latin America?
- What are the special needs for climate-related urban infrastructure in the region?
- What are the primary characteristics of current investments in infrastructure in Latin America?
- What is special and different concerning the investment challenges of climate-related infrastructure, in either urban or rural areas?
- What can be learned from the best examples of Public-Private Partnerships on infrastructure in Latin America? Which of these lessons can be usefully applied to the challenges of investment in climate-related infrastructure in the region?
- What is the most important role that National Development Banks and MDBs can play in facilitating investment in climate-related infrastructure in Latin America?
- What are the key elements of financial structure for PPPs in infrastructure that will help to ensure permanent refinancing of climate-related infrastructure assets once they are used and useful, i.e., generating a reliable stream of revenues?

### 1:00 pm **Lunch**

### 2:00 pm **Assessing and matching supply and demand for finance – Building a project pipeline**

Moderator: Irving Mintzer

Round table discussions.

- What institutions are currently providing development capital for infrastructure projects in Latin America? How much capital is flowing to climate-related infrastructure in the region?
- What has been the historic role of National Development Banks in financing infrastructure in the region? How can this role best be expanded to the area of climate-related infrastructure?
- How do the opportunities and challenges of investment in climate-related infrastructure differ qualitatively from other infrastructure investment opportunities?

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- What new coalitions of actors might be assembled to provide development capital needed to expand the pipeline of secure, robust, and self-sustaining investments in climate-related infrastructure in Latin America?
- How might the national implementation rules for Basel III and Solvency II be adapted to facilitate investment in climate-related infrastructure in Latin America?

**3:00 pm**

### **International financing resources for adaptation investments**

Moderator: Matias Bendersky, Chief of the Partnerships and Resource Mobilization Unit, IDB

#### **Overview International Climate Finance resources for adaptation investments.**

-Gloria Visconti, Lead Climate Change Specialist, IDB

Panel discussion:

#### **Green Climate Fund Strategy and conditions for Adaptation.**

-Hela Cheikhrouhou, Executive Director, GCF- TBC

#### **CIF PPCR – Strategy for Adaptation investments – Private Sector Set-aside.**

-Mafalda Duarte, CIF Portfolio Manager, Climate Investment Funds CIF

#### **Adaptation Fund – Adaptation investments.**

-Marcia Levaggi, Manager, Adaptation Fund Secretariat

#### **GEF Strategy for Adaptation investments.**

- Gustavo Fonseca, Director for Programs, GEF

- How much money is currently flowing from international sources toward expanding adaptive capacity, increasing resilience, and building climate-related infrastructure?
- How much of this flow is directed toward Latin America?
- What is the scale of the current need for international financing resources for adaptation in Latin America? How can the scale of international financing resources for adaptation in Latin America be increased to match this need in a timely fashion?
- How can Latin American National Development Banks collaborate more effectively with other NDBs, with MDBs, and with other International Financing Resources in order to mobilize increased private sector investment in climate-related infrastructure in Latin America?
- How might Latin American countries shape their positions at COP21 (Paris, December 2015) in order to maximize the flow of international financing resources for adaptation into the Latin America region?

**5:00 pm**

### **Workshop Conclusions and Closing Notes**

- Juan Antonio Ketterer, Division Chief, Capital Markets and Financial institutions Division, IDB  
-Eduardo Vásquez, Head of Institutional Relations, ALIDE

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