



Context of the Event

The event aims at convening strategic IDB partners, international standard setters and the global development banks community to discuss the role of National Development Banks (NDB) in addressing climate risks and opportunities. In such scope, the IDB will launch “A Guidebook for National Development Banks on Climate Risk”.

To successfully fulfill their mandate, NDB need to understand and manage the climate-related risks they face and to which they could be contributing. The rationale is two-fold: a) recognizing climate-related risks and opportunities will allow the NDB to make more informed decisions in asset allocation to protect their portfolio; and b) seizing climate-related opportunities will enable the NDB to correct prevailing market failures in green investments. In re-allocating their assets, the NDBs will be influencing their redistributive impact on society through investments that accelerate the transition towards a carbon neutral economy.

NDBs can pursue climate-related investment opportunities and take a relevant role in supporting the implementation of their governments’ plans for the low carbon, climate-resilient transition. Sitting at the cross-section of the public and private sectors, NDBs may have an explicit role to play regarding the implementation of their country’s Nationally Determined Contributions (NDCs), including strategically aligning lending with their country’s climate commitments. NDB, who have played a significant role in the financing of the immediate response to the COVID-19 crisis, can also contribute to the pursuit of a “sustainable recovery” as countries recover from the socio-economic effects of COVID-19.

Moreover, in current challenging times, the significant financing required to address the socio-economic sustainable recovery after the COVID-19 pandemic urges NDB to support governments with the mobilization of national and international resources. Taking into consideration that national budgets are usually insufficient to providing financing for the sheer scale of a sustainable economic transformation,

NDB will need to expand their sources of funding to include private investors, multilateral development banks (MDBs), regional development banks (RDBs), and investment funds.

The Guidebook

The Guidebook provides NDB with a roadmap for the integration of climate-related risks and opportunities in alignment with the recommendations of the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD). It provides insights on NDB’s relative degree of understanding and maturity on the topic, and examples on relevant experience developed by several NDB in the Latin America and the Caribbean region (LAC). Such insights and examples emerged from structure interviews with a group of ten NDB and a survey submitted to the members of the Latin American Association of Development Financing Institutions (ALIDE) and the Brazilian Development Association (ABDE). These were complemented by insights and inputs from the latest literature in the field, and an interview with a commercial bank.

In a nutshell, this Guidebook presents:

- climate change in the context of the financial sector and various transmission channels through which climate risk turns into a systemic risk threatening the stability of the financial system and macroeconomy. It also provides an overview of the on-going work of regulatory and supervisory bodies, and other financial sector initiatives such as the TCFD and the Network of Central Banks and Supervisors for Greening the Financial System (NGFS);
- implications of climate risk on NDB, highlighting the importance of acting to integrate climate-related risks into their capital decision-making to successfully fulfill their mandates and capture new business opportunities;
- a practical path forward for NDB to integrate climate risk into decision-making (roadmap). To this end, it lists good emerging practices across the four pillars of the TCFD: governance, strategy, risk management, metrics, and targets. It also presents illustrative examples from Latin American NDB and commercial banks.

The Agenda

*ET

June 16th, 2021

9:00 - 9:20

Welcoming Remarks

Moises Schwartz Rosenthal, Sector Manager, IDB

Carlos Linares, President, ALIDE

Susan Krohn, Head of Division, International Financing for Climate Action and Environmental Protection, Germany’s Federal Ministry for the Environment, Nature Conservation and Nuclear Safety

9:20 - 9:40	KeyNote Session: The future of DFIs and the green recovery
	<p>Stephany Griffith-Jones, Financial Markets Director, Initiative for Policy Dialogue at Columbia University</p>
9:40-10:00	Launch Session: A Guidebook for NDB on Climate Risks
	<p>Maria Netto, Sector Principal Specialist, Connectivity, Markets and Finance Division, IDB Diana Smallridge, CEO, International Financial Consulting LTD (IFCL)</p>
10:00 - 10:50	<p>Round table discussion: Role of DFIs Panel to discuss climate risk agenda for NDB to support governments with the mobilization of national and international resources, as significant financing is required to address the socio-economic implications of COVID-19 pandemic and climate change.</p>
	<p>Haje Schütte, Senior Counsellor and Head of Division ‘Financing for Sustainable Development, OECD (TBC) Josef Haider, Principal Climate Change and Finance Expert, IDFC (TBC) Johannes Scholl, Head of Division, KfW Juan Ketterer, Head of Division, Connectivity, Markets and Finance, IDB Facilitator: Barbara Buchner, Executive Director for Climate Finance, CPI</p>
15 min	Break
11:05 - 11:55	<p>Mainstreaming climate risk management for DFIs Seizing climate-related opportunities will enable the NDB not only to mitigate financial risks, but also to correct prevailing market failures in green investments. Panel to discuss to what extent global climate risk mainstream support DFIs and their mandates accordingly.</p>
	<p>Alan Gomez, Task Force Member, TCFD NGFS (TBC) Remco Fischer, Climate Lead, UNEP-FI (TBC) Gianleo Frisari, Economics Senior Specialist, Connectivity, Markets and Finance Division IDB</p> <p>Moderator: Diego Herrera, Sector Lead Specialist, Connectivity, Markets and Finance Division, IDB</p>
11:55 – 12:15	<p>Wrap up session: DFI Community and Closing Remarks Panel for NDB global community reaction to challenges and opportunities stemmed from the climate-related risks integration into their capital decision-making to successfully fulfill their mandates.</p>
	<p>World Federation of DFI Edgardo Álvarez Chavez, General Secretary, ALIDE Josef Haider, Principal Climate Change and Finance Expert, IDFC (TBC) Juan Ketterer, Head of Division, Connectivity, Markets and Finance, IDB</p>