

2023 FiCS Summit Session Concept Note



Roundtable 13

From Climate to Nature related risks – Lessons learned and how to move forward. A perspective for Public Development Banks.

Wednesday 6 September 2023, 11h-12h30, Room: Barahona 1

Blurb:

This session will address the exposure of PDBs to climate and nature related risks, concerning their operations, and especially in their lending portfolios. Lessons learned and potential next steps will also be discussed.

Detailed information about the session

Rationale	Financial institutions are exposed to physical and transition risks derived from environmental issues such as climate change and biodiversity loss, notably in the activities/value chains that they finance. By affecting financial institutions' business operations and profitability, these risks can translate into broader, systemic risks such as credit, market, and liquidity risks, as well as reputational risks. This kind of exposure is particularly relevant for financial institutions in Latin-America and the Caribbean (LAC), due to the effects of climate change and biodiversity loss on the assets in their portfolios which depend to a great extent on well-functioning ecosystems. If not well functioning, it will negatively impact cash flow generation and the repayment capacity of credit portfolios, bringing down asset values.
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At the same time, if not carefully managed, the assets financed by financial institutions can have negative impacts on nature, which in turn affect financial institutions (double materiality). Both aspects must therefore be taken into account by financial institutions.

Latin America's Public Development Banks' (PDBs) are equally exposed, if not more, to these types of risks and impacts in their lending portfolios as well as through their financial intermediation with other financial institutions and key player in financing value chains that depend on well-functioning ecosystems.

Hence, the way PDBs originate and structure operations, considering management and reporting of climate and biodiversity -related risks in its operations and portfolios, will serve as guidance to other financial institutions and companies they finance and will also push them in the direction of implementing concrete actions to address those risks and impacts given their development mandate.

Enhancing PDBs' ability to identify, assess, and manage these types of risks is therefore not only relevant to align these institutions to climate, biodiversity and sustainable development goals, but more broadly to lead by example other players, and more importantly avoid more broadly systemic risks as previously mentioned.

To enable PDBs to make such concrete contributions, they need guidance to identify those risks and impacts and pragmatic tools to integrate climate and biodiversity related risks in their risk management strategy, their governance models, processes, forward looking strategies/mandates and reporting functions. Besides understanding why climate and biodiversity risks are relevant, PDBs require a clear understanding of global regulatory trends (Central Bank of Brazil, NGFS), clear knowledge of available frameworks and how to use/deploy them (i.e ISSB, TCFD, TNFD).

This session is aligned with the main topic of Climate and biodiversity. This session will support PDBs in understanding their potential role in:

- tackling climate change and biodiversity loss,
- supporting them in understanding and potentially incorporating tools to identify climate and biodiversity risks,

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	<ul style="list-style-type: none"> - providing possible pathways to deal with such risks, recognizing their transmission channels, and how these risks may affect their mandate, business model and financial position. <p>The session will therefore discuss the following points:</p> <ul style="list-style-type: none"> • What has already been done and what are potential next steps for PDBs in the context of identifying and mitigating climate related risks. • Understanding intersections between climate and nature/biodiversity related risks • What are the main lessons learned from the climate risk pathway that can be taken to the nature-related risks one. • What are nature-related risks and opportunities for PDBs? • Provide some examples of nature-related risks, impacts, dependencies, and assessments in PDBs (IDB, AFD, EBRD) <p>This workshop will aim to provide knowledge and enable exchanges of experience on i) how PDBs are assessing climate risks and what lessons can be learned and transfer from the climate risks path to the nature-related risks, ii) how PDBs can assess nature-related risks, impacts and dependencies in their portfolios, ii) the financial implications related to this, and iii) how these risks, impacts and dependencies can be mitigated.</p>
<p>Objective</p>	<ul style="list-style-type: none"> • Provide valuable technical knowledge to PDBs on climate and nature related risks, impacts and dependencies. • Explore pathways to understand PDBs exposure to climate and biodiversity risks, understand how these risks affect PDBs financial position and their portfolios. • Explore intersections between climate and nature and implications to financial institutions. • Show peer PDBs that have already started their work on this path. Listen to their experiences and lessons learned. • Motivate PDBs to inquire and deepen their actions towards assessing climate and nature/biodiversity related risks and understanding their implications on their portfolios, present possible approaches to mitigate them, identify their

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	<p>transmission channels, and how these risks may affect their mandate, business model and financial position.</p> <ul style="list-style-type: none"> Describe instruments that could ease PDBs journey, including tools and frameworks (TNFD) to support risk management governance as well quantitative instruments to identify and manage risk in their portfolio.
Target audience	<ul style="list-style-type: none"> PDBs (executives, risk management officers, ESG officers) Multilateral Development Institutions Academia Financial institutions and asset managers
Outcome of the event	<ul style="list-style-type: none"> Provide information to PDBs on what has been done so far and how can we build on from the work on climate related financial risk assessment and mitigation actions carried by financial institutions to identifying and assessing nature related risks that PDBs could be exposed to. Sow a seed so that PDBs are encouraged to deepen their knowledge and action in climate and biodiversity risk management. Provide available tools that PDBs can use as soon as they wish. Provide basic and clear information on how these tools work and how they could be used by PDBs. Publicize success stories of peer institutions that have already begun to work on this. Understand their main barriers in their pathway and approaches to overcome them. Deliver a clear understanding about the potential benefits of identifying and addressing these risks within the operations of a PDB.
Format of the event	1 keynote/chair, 1 moderator/facilitator and 8 speakers
Partners	Inter-American Development Bank (IDB) Agence Française de Développement (AFD) UNEP Finance Initiative
Chair/Keynote	Keynote: Juan Carlos Belausteguigoitia Rius, Professor of Environmental Economics at Instituto Tecnológico Autonomo of Mexico

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Moderator	Camilo Andres Santa Pena, Sector Specialist, Biodiversity and Natural Capital – Climate Change Division IDB
Speakers/Experts	<ol style="list-style-type: none"> 1. Mabel González, Regional Coordinator, Latin America & Caribbean, UNEP FI 2. Mariana Paula Pereira, Gerente de Riscos Socioambiental e Climático, BDMG 3. Gemma James, Head of Biodiversity and Nature, Chronos Sustainability 4. Adonai Herrera-Martinez, Head of Sustainable Department, EBRD 5. Thomas Mélonio, Executive director of the innovation and strategy department, AFD 6. Barbara Marchitto, Head of the Country and Financial Analysis, EIB Economic Department 7. Felipe Arango, Taskforce on Nature-related Financial Disclosures (TNFD) 8. Chistian Sanchez, Risk Management Director, NAFIN
Language of the event	The event will be held in: <input checked="" type="checkbox"/> English <input type="checkbox"/> Spanish

Annex: Speakers' profile

Name	Title	Social Media	Picture	Short Biography
Juan Carlos Belausteguigoitia Rius	Professor of Environmental Economics, Instituto Tecnológico Autónomo de México			He has a BA in Economics, ITAM and a PhD in Economics, University of Essex. His topics of interest involve economics of natural resources and environment. He is the director of the Center of Energy and Natural Resources and a full time professor at the Division of Social Sciences at ITAM. In the public sector, he served as General


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				<p>Director of Economic Analysis in the Economic and Social Analysis Unit of SEDESOL, as well as Head of the Economic and Social Analysis Unit and Undersecretary of Planning of SEMARNAP. In international organizations he was Coordinator for the Southern Hemisphere of the Global International Waters Assessment (of the United Nations), and Principal Environmental Economist of the World Bank.</p>
<p>Camilo Andres Santa Pena</p>	<p>Sector Specialist, Biodiversity and Natural Capital, IDB</p>			<p>Camilo has been recognized at the Finance for Nature Global Summit in Edinburgh '19 and by the New York Forest Declaration at the UNGA '18 for his innovations on Impact Investing for Regenerative Economy. In 2019 he joined the Natural Capital Lab at</p>

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				<p>the Inter-American Development Bank in Washington DC, where he advises on finance innovation for biodiversity and climate action. He has lectured at Universidad de los Andes in Colombia and Instituto Tecnológico de Monterrey in Mexico, and acted as Key Note Speaker at Global Summits to present to world leaders on the use of blockchain and crypto currencies for climate finance, among other. Currently he supports several of the National Advisory Boards for Impact Investing across Latin America and acts as board member for different conscious companies.</p>
Felipe Arango	Technical Advisor and Pilots Lead, UNEP-FI	@felipearango		<p>For more than two decades, Felipe's work has focused on advancing sustainable development as an advisor, a social entrepreneur, a speaker,</p>


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				<p>an educator and an activist. He has a bachelor in Political Science and Government, and a bachelor's of Science in Business Administration and Management, both from Boston University. Before being appointed as Technical Advisor and Pilots Lead in 2021, he worked as Technical Advisor at IFC; as Executive Director at Biodiversa (2011-2014), Lead Auditor and Consultant at FLO-VERT (2003-2011); Consultant at Fairtrade International (2003-2010) and Program Coordinator at Escuela Galán (2001-2003). He also worked as CEO and Managing Partner and Co-Founder at BSD Consulting (2003-2020).</p>
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<p>Mabel Gonzalez</p>	<p>Regional Coordinator, UNEP-FI</p>			<p>Mabel has over 15 years of professional experience in several countries (Canada, Colombia, Germany, EEUU, Bolivia & Egypt), working in the design and implementation of projects and innovative interventions; advising and/or managing public and private organisations at the local, national and international level. Co-Founder of @Nuestro Flow, a social enterprise and a platform aimed at promoting equality and diversity. Director and writer of "Mujeres con Todas las Letras" a children's book recently published to give visibility to inspiring women from Central and South America. She has also acted as Associate Consultant of Role of Law Civil Society at Ideaborn Consultores (2007-2008); as Research Consultant at</p>
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				<p>Corporación Transparencia por Colombia (2006-2010); Executive Director of Fundación Amériada located in Bolivia (2010), Director of Corporate Social Responsibility (CSR) and Financial Education (FE) in Asobancaria (2010-2013); and as Head of Operations and Sustainability at The Montreal Group (2019-2023) before being appointed as Regional Coordinator for LAC at UNEP-FI.</p>
<p>Mariana Paula Pereira</p>	<p>Especialista de Meio Ambiente Superintendência de Risco, BDMG</p>			<p>She holds a degree in Environmental Engineering from the Federal University of Itajubá (2003) and a Master's degree in Sanitation, Environment and Water Resources from the Federal University of Minas Gerais (2010). She has acted as Development Analyst at Sonner Sistemas (2019-2021) and is currently</p>


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				Development Analyst at the Development Bank of Minas Gerais.
Gemma James	Head of Biodiversity and Nature, Chronos Sustainability	@gemma_james1		Gemma leads Chronos' biodiversity and nature programmes with both investors and with companies since 2022. She has developed global expertise in biodiversity, water and environmental issues and has deep knowledge of investment research and decision-making. She previously worked as Senior Lead and Head of Environmental Issues at the Principles for Responsible Investment (PRI) and worked for the International Council on Mining and Metals (ICMM), where she focussed on environmental and climate change issues.

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<p>Adonai Herrera Martinez</p>	<p>Director Environment and Sustainability, EBRD</p>	<p>@AdonaiHM</p>		<p>Received his MBA degree from INSEAD in 2009 and his PhD from the University of Cambridge in 2004. Is currently the Director for Environmental Funds at the European Bank for Reconstruction and Development (EBRD), and also leads the team determining the Paris alignment and green finance attribution, monitoring and reporting for the Bank. He was the EBRD President's Adviser (2017-2019), and prior to this and since 2009, he was based in Istanbul, coordinating the sustainable energy activities for the Bank in Turkey. He worked for the UNDP in New York and Dakar, and at CERN in Geneva</p>
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<p>Tomas Melonio</p>	<p>Director of Innovation, AFD</p>	<p>@MelonioThomas</p>		<p>Thomas Mélonio has been Executive Director of Innovation, Research and Knowledge since September 2018. Previously, he directed the Department of Alliances of the AFD (relations and financing of NGOs, territorial entities, companies and fund donors). From 2012 to 2017, he was deputy counselor and then counselor on African issues at the Presidency of the French Republic. An economist by profession (HEC, Doctorate from IEP Paris), within the AFD's research department he has published several studies on the financing of education, higher education or international migration.</p>
<p>Christian Sanchez</p>	<p>Risk Manager Director, NAFIN</p>	<p>@ChrisSanchezV</p>		<p>He has a bachelor's degree in applied mathematics and computing from the National Autonomous University of Mexico.</p>

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				<p>He has experience in working as Financial Risk Manager at the Mexican Stock Exchange (2006-2008), as Financial Risk Manager at HSBC Mexico (2008-2010) and as Manager of Special Risk Projects at the National Bank of Foreign Trade, S.N.C. (Bancomext) from 2010 to 2015. In the latter organization he also acted as Deputy Director of Technological Risk (2018-2021) before being appointed as Risk Manager Director at NAFIN in 2021.</p>
Barbara Marchitto	Head of the country and financial analysis in economic department, EIB	@BarbaraMarchit2		<p>She holds a PhD in Economics from the University of London and an honours degree in Economics from Bocconi University. Her main areas of interest include the financial sector development and access to finance as drivers of growth. She has held positions</p>



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				<p>at the International Monetary Fund and the Italian Ministry of the Economy and Finance, and is currently the Head of Country and Financial Sector Analysis at the Economics Department of the EIB where she leads analytical work to support the Bank's operations and economic surveillance in countries of operations outside the EU.</p>
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