



National and International Cooperation to Support Green Finance

Yannick Motz, 28th June 2016, Saõ Paulo



Emerging Markets Dialogue on Green Finance

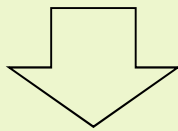
OBJECTIVE:

Redirect capital flows away from assets and projects that deplete natural capital towards eco-friendly investments.

Approach:

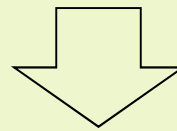
Work with financial institutions from G20 economies to integrate environmental indicators in lending and investment decisions, product development and risk management.

Development of Tools and Methodologies



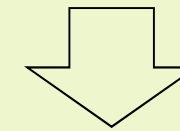
1. Corporate Bonds – Water Risk Tool
2. Environmental Stress Testing

Research and Capacity Building



Natural Capital Approach in Brazil and India

Market Development for Green Bonds



Strategic Alliance on Green Bond Market Development in G20 Emerging Economies



Pilot Project Environmental Stress Testing

Goal:

Develop and test an analytical framework and model that allows banks to assess the potential impact of environmental shocks on the performance of their corporate loan portfolio.



3-5 drought scenarios per focus country (Mexico, Brazil, China, US) that simulate the impact of drought on water availability, taking into account local water infrastructure.



Model to estimate the effects of drought on up to 8-12 industries in country reflecting direct and indirect impacts as well as macro-economic feedbacks/political decisions.



Model that **links drought impacts to drivers of corporate credit quality** (such as profitability, leverage) and can be plugged into or inform banks' internal stress testing models.



Partner Structure

Implementation Partners



Expert Council



中央财经大学图书馆
Central University of Finance and Economics Library



Bloomberg



Partner Banks



UBS



ICBC





Strategic Alliance between GIZ and SEB on

Green Bond Market Development in G20 Emerging Economies



Objectives and Stakeholders

Objective: Support and foster the development of efficient, prosperous and sustainable green bond markets in G20 emerging economies.

Demand Driven Multi-Stakeholder Approach

| Policymakers and Regulators | Domestic second opinion providers | Domestic Issuers | (Institutional) Investors |
|---|--|---|--|
| Support in the adaptation and enhancement of a conducive regulatory framework | Enable the delivery of second opinions based on the highest certification and verification standards | Transfer knowledge on green bonds as (re)financing tool and offer tailored support for exemplary green bond issuances | Provide in-depth knowledge and tailored advice on the opportunities offered by green bonds |



Services offered by the Strategic Alliance



- Capacity building for local investors, potential issuers and financial institutions.
- Sector specific workshops



- Training of potential (academic) Second Opinion Provider(s).



- Tailored advice and support including project selection, setup of impact monitoring systems, investor communication, etc.



- International experience on development of conducive regulatory framework.



The Strategic Alliance – Partner Structure

Implementation Parties



Regional Implementation Partners



cebds

Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável



中国人民银行 THE PEOPLE'S BANK OF CHINA



中国银行间市场交易商协会 National Association of Financial Market Institutional Investors



中国金融学会绿色金融专业委员会 China Society for Finance and Banking



Indian Banks' Association



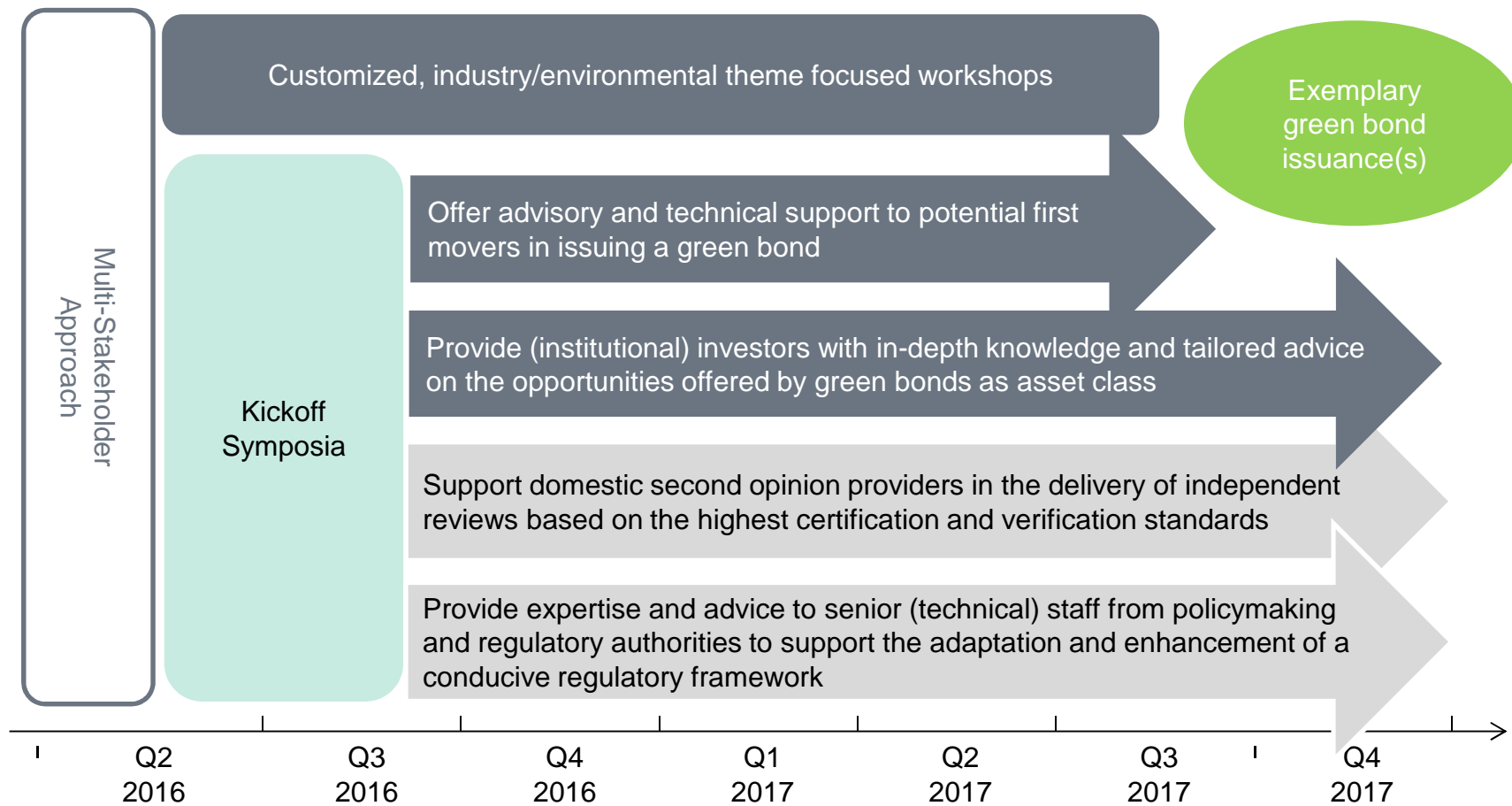
ASOCIACIÓN DE BANCOS DE MÉXICO

Academic Partner





The Strategic Partnership – Timeline





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Thank you
for your kind attention.

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