



## **Emerging Markets Dialogue on Finance (EMDF)**

Emerging Market Sustainability Dialogues

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## GIZ - facts and figures

- GIZ: German federal enterprise in the field of international cooperation for sustainable development
- Operations in over 120 partner countries around the world
- Business volume of over EUR 2.4 billion for technical assistance in 2016
- 18,260 employees worldwide, 70% local personnel
- Main commissioning party: the German Federal Ministry for Economic Cooperation and Development (BMZ), whose share of the total income from public-benefit business of almost EUR 1.9 billion in 2016
- Commissioned by well over 200 public and private-sector bodies in Germany and abroad (UN, EU, foundations, governments...)



# EMSD EMERGING MARKET SUSTAINABILITY DIALOGUES

Sustainable Economic  
Policy



Global Think Tank Alliance  
for Sustainable Growth

Sustainable Business  
Solutions



Business Model Innovation for  
Sustainability in Emerging Markets

Sustainable  
Finance



Dialogues on Green Finance



# Emerging Markets Dialogue on Finance

## Objective

Redirect capital flows away from assets that deplete natural capital towards climate- and 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.

Joint Development of Tools and Methodologies

Research and Capacity Building

Strategic Alliances and Dialogues



## Project overview

Project	Description
Sustainable Banking in Indonesia	Promotion of sustainable finance practice, mainly via training and capacity building in environmental, social and governance (ESG) risk management procedures with top 16 banks of Indonesia. Executed by WWF Indonesia, supported by OJK
Sustainable Stock Exchanges (SSE) Initiative	Two-fold cooperation: (1) development of green finance guide for regulators and stock exchanges, and (2) study on „How stock exchanges can advance gender equality“
Green Assets Wallet	Stockholm Green Digital Finance (SGDF) to develop a blockchain technology for validating green investment claims, stimulating emerging markets for green investments through trust and efficiency.
Strategic Alliance on Green Bonds Market Development	PPP with Swedish bank SEB to support the development of efficient, prosperous and sustainable green bond markets in G20 emerging economies (Brazil, China, India, Mexico)



# Project overview – deep dive

## Tools & Methodologies: Environmental Stress Testing

### Objective

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.  
Successful global launch in March/April 2017



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.



Thank you for your  
kind attention.

[www.emergingmarketsdialogue.org](http://www.emergingmarketsdialogue.org)



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