

AGENDA

COPING WITH CLIMATE CHANGE AND OTHER ENVIRONMENTAL RISKS

DECEMBER 2 – 6, 2019

BASSETERRE, ST. KITTS AND NEVIS



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COPING WITH CLIMATE CHANGE AND OTHER ENVIRONMENTAL RISKS - PROGRAM OUTLINE

INTRODUCTION

Climate change is occurring, and it poses significant risks. Overall, the world has been getting warmer, which is reflected not only in higher average temperatures but also in more frequent and severe weather-related events, such as hurricanes, floods, droughts, and heat waves. No part of the world is untouched by climate change, and many jurisdictions also face other environmental risks, such as geological disasters and pollution. These physical risks have social and economic consequences, which are likely to grow in importance with the extent of climate change.

Encouragingly, governments and others have taken steps to limit the extent of climate change and mitigate its consequences. For example, many countries have agreed to limit the future GHG emissions within their economies. Some have moved to strengthen the resilience of public and private infrastructure. However, it is far from certain that the targets will be attained or whether greater resilience will be as effective as hoped in mitigating the physical risks of climate change.

Furthermore, the transition to a lower-GHG economy itself poses risks. For example, the replacement of carbon-based sources of energy with renewable sources could impose additional costs on businesses and consumers, such as the stranding of assets, which could reduce economic growth and threaten the survival of some companies.

It is essential that both financial sector regulators and supervisors and those they supervise are aware of climate-related and other environmental risks and take appropriate action in response to these risks.

The physical and transition risks can affect not only supervised organizations but also their customers and other counterparties, for example, companies in which they invest. The effects can be systemically-important.

PROGRAM DESCRIPTION

This program helps regulators and supervisors identify the risks that climate change and other environmental factors pose to financial institutions, economies, and consumers and steps that can be taken to deal with these risks. It will examine the nature of the risks and their potential effects, including on vulnerable groups. The program will identify steps that can be taken by financial institutions and supervisors to deal with prudential risks, such as changing their approaches to product design, investment, and lending, and strengthening risk management and stress testing. It will also highlight steps that can be taken to deal with risks to consumers, such as improving financial literacy and financial inclusion.

The program will include technical vignettes, group activities, and mini-case studies. It will include sessions on how to develop action plans to deal with climate change and other environmental risks, and how to identify and communicate effectively with key stakeholders to achieve results.

The program will provide an excellent forum for participants to learn from leading experts and practitioners, and to share and discuss their own experiences and solutions to challenges they face in dealing with these risks in the contexts in which they work.

PROGRAM OBJECTIVES

Upon completion of the five-day program, participants will better understand:

- The nature of climate-related and other environmental risks
- The effects that climate-related and other environmental risks can have on financial institutions, economies, and consumers
- Steps that can be taken by financial institutions to manage climate-related and other environmental risks
- How to enhance the regulatory framework to encourage financial institutions and those in which they invest to take such steps
- How to enhance supervisory risk assessments and response capabilities for dealing with climate-related and other environmental risks
- Steps that can be taken by regulatory and supervisory authorities and other key stakeholders to better enable consumers to deal with climate-related and other environmental risks
- How to systematically address individual challenges with action planning – and ensure critical success with key stakeholders.

WHO SHOULD ATTEND?

The program is designed for mid- to senior-level staff and managers involved in regulatory and supervisory activities. It might also be relevant to individuals working at central banks and government ministries whose responsibilities relate to the topics that will be covered. Participants should have at least three years of working experience in financial sector supervision, analysis, or policy, and be proficient in English.

MONDAY, DECEMBER 2

08:30–09:15 Welcome and Opening Remarks
Group Photography Session

09:15–10:15 **Session 1: Participants Roundtable**
Michael Hafeman, Program Leader, Toronto Centre

- Introductions
- Expectations from the program
- Significant current climate-related and other environmental risks facing their jurisdictions
- Key priorities of their authorities
- Plenary discussion of commonalities.

10:15–10:30 **BREAK**

10:30–12:30 **Session 2: Introduction to Climate-related and Other Environmental Risks**
Naresh Singh, Program Leader, Toronto Centre

This session will introduce climate-related and other environmental risks and highlight their relevance to regulators and supervisors. It will:

- Explore the nature of climate-related and other environmental risks with special attention to the ECCU countries/region
- Summarise recent international developments including UN Climate Action Summit and discuss implications including funding for adaptation and resilience
- Briefly describe the effects that climate-related and other environmental risks can have on financial institutions, economies, and consumers in the region
- Discuss the relevance of these risks to financial regulators and supervisors.

12:30–13:30 **LUNCH**

13:30–15:00 **Session 3: Risk Scenarios (integrate climate scenario from CAD lending)**
Olaf Weber, Program Director, Toronto Centre

This session will explore the use of scenarios in the analysis of climate-related and other environmental risks. It will:

- Explain approaches that can be used to develop risk scenarios
- Explore how to analyze risk scenarios to identify the effects they might have on financial institutions, economies, and consumers
- Discuss the use of models in developing and analyzing the effects of risk scenarios
- Provide an opportunity for participants to analyze a risk scenario
- Discuss steps that regulators and supervisors might take.

15:00–15:15 **BREAK**

- 15:15–16:30 **Session 4: Vulnerability of Consumers**
Michael Hafeman, Program Leader, Toronto Centre
This session will focus on the vulnerability of consumers to climate-related and other environmental risks. It will:
- Discuss the ways in which consumers can be exposed to climate-related and other environmental risks
 - Explore how weak financial literacy and low financial inclusion can limit consumers' ability to
 - assess and mitigate these risks
 - Provide an opportunity for participants to explore the particular challenges faced by women and girls
 - Discuss steps that regulators and supervisors might take.
- 16:30 **END OF DAY**

TUESDAY, DECEMBER 3

- 08:30–08:45 **Ideas I will use**
- 08:45–10:15 **Session 5: Risk Analysis Workshop**
Olaf Weber, Program Leader, Toronto Centre
In this session, participants will work together in small groups to develop and analyze risk scenarios relevant to their jurisdictions. They will:
- Describe a risk scenario, such as:
 - A disaster that involves one or a combination of extreme weather-related or geological events, such as hurricane, flood, windstorm, drought, earthquake, extreme heat, etc.
 - A physical risk scenario arising from chronic climate change
 - A scenario related to transition risk
 - Identify the key direct and indirect effects the scenario might have on consumers, businesses, governments, other organizations, and financial institutions
 - Estimate the effects the scenario might have on stress-testing assumptions
 - Discuss steps that could be taken to enhance the risk analysis.
- 10:15–10:30 **BREAK**
- 10:30–12:30 **Session 5: Risk Analysis Workshop (Continued)**
- 12:30–13:30 **LUNCH**

- 13:00–15:00 **Session 6: Mitigating the Risks to Financial Institutions**
Naresh Singh, Program Leader, Toronto Centre
This session will explore steps that can be taken to mitigate climate-related and other environmental risks faced by financial institutions. It will:
- Discuss the expectations on financial institutions for responding to climate-related risks
 - Explore the recommendations and guidance of the Task Force on Climate-related Financial Disclosures (TCFD)
 - Describe steps that can be taken to deal with asset-related risks, such as ESG and green investment and lending
 - Describe steps that can be taken to deal with liability-related risks, such as product design and reinsurance
 - Identify resources that financial institutions might access
 - Discuss what regulators and supervisors might do to encourage financial institutions and those in which they invest to take such steps.
- 15:00–15:15 **BREAK**
- 15:15–16:30 **Session 6: Mitigating the Risks to Financial Institutions (Continued)**
- 16:30 **END OF DAY**

WEDNESDAY, DECEMBER 4

- 08:30–08:45 **Ideas I will use**
- 08:45–10:15 **Session 7: Action Planning Training: Part 1**
Michael Hafeman, Program Leader, Toronto Centre
This session will introduce the Toronto Centre’s action planning methodology and cover the initial steps in detail. It will:
- Provide an overview of the action planning methodology
 - Explain how to analyze a situation and develop a clear and concise statement of a problem
 - Provide an opportunity for participants to begin applying these skills.
- 10:15–10:30 **BREAK**

- 10:30–12:30 **Session 8: Action Planning Workshop: Part 1**
Michael Hafeman, Program Leader, Toronto Centre
In this session, participants will work together in small groups, with the assistance of program leaders, to begin developing action plans to deal with climate-related or other environmental risks relevant to their jurisdictions. They will:
- Identify problems relevant to their jurisdictions, on which regulatory or supervisory action could contribute to a solution
 - Form small groups of participants to work together on the same or similar problems
 - Identify clear and concise statements of the problems.
- 12:30–13:30 **LUNCH**
- 13:30–15:00 **Session 9: Collaboration Needs and Opportunities**
Olaf Weber and Naresh Singh, Program Leaders, Toronto Centre
This session will discuss the need for regulators and supervisors to collaborate with others in dealing with climate-related and other environmental risks. It will:
- Review and discuss areas in which regulatory or supervisory action might be useful (OW)
 - Discuss the areas in which collaboration with others might be needed to take such actions (OW)
 - Explore opportunities for ECCB collaboration with international institutions and mechanisms including from UN CAS (NS)
 - Discuss OECS, CARICOM, C5, and international resources and opportunities for collaboration (NS)
 - Identify the types of organizations within the jurisdiction with which collaboration might be needed (NS).
- 15:00–15:15 **BREAK**
- 15:15–16:30 **Session 10: Stakeholder Communication**
Shelina Visram, Program Director, Toronto Centre
This session will provide training on a methodology that participants can use to communicate with key stakeholders and persuade them to support their action plans for dealing with climate-related or other environmental risks. It will:
- Describe the four-box model for effective persuasion and communication
 - Explain how to identify and analyze key stakeholders – who are they, what are they likely to like and dislike about your proposal, and what is needed to overcome their resistance and get their support?
 - Explore how to build a “burning platform” for change
 - Provide an opportunity for participants to begin applying these skills.
- 16:30 **END OF DAY**

THURSDAY, DECEMBER 5

08:30–08:45 **Ideas I will use**

08:45–10:15 **Session 11: Case Study**

Michael Hafeman, Program Leader, Toronto Centre

In this session, participants will work together in table groups to complete a case study on climate-related or other environmental risks in a particular jurisdiction.

They will:

- Consider the situation in the jurisdiction and identify the most significant risks
- Assess the steps being taken in the jurisdiction and consider what more might be done by the financial institutions and others
- Develop proposals for actions that can be taken by the regulators and supervisors.

10:15–10:30 **BREAK**

10:30–12:30 **Session 11: Case Study (Continued)**

12:30–13:30 **LUNCH**

13:30–15:00 **Session 12: Action Planning Training: Part 2**

Shelina Visram, Program Director, Toronto Centre and

Naresh Singh, Program Leader, Toronto Centre

This session will complete the training on the Toronto Centre's action planning methodology. It will:

- Explain how to identify preferred outcomes, develop a SMART goal statement, and consider alternative ways to reach the goal (SV)
- Discuss the need to outline an action plan (SV)
- Discuss how to assess the likely interests and concerns of key stakeholders regarding the proposed plan (SV)
- Explain how to detail an action plan (SV)
- Discuss the need to evaluate the action plan and be prepared for contingencies (SV)
- Briefly describe the steps involved in implementing an action plan (SV)
- Establishing agency/country/regional baselines for measuring and reporting capacity changes (NS)
- Provide an opportunity for participants to begin applying these skills (see Session 13).

15:00–15:15 **BREAK**

- 15:15–16:30 **Session 13: Action Planning Workshop: Part 2 – complete the plan**
*Michael Hafeman, Program Leader and
Shelina Visram, Program Director, Toronto Centre*
In this session, participants will continue working together in small groups, with the assistance of program leaders, to complete the development of action plans to deal with climate-related or other environmental risks relevant to their jurisdictions. They will:
- Develop SMART goals for dealing with the problems
 - Discuss alternative ways to reach the goals
 - Outline the action plans
 - Identify the key stakeholders
 - Select two key stakeholders, assess their interests and concerns, and identify communication tools that might be used
 - Detail the steps in the action plan including measuring contributions/impact of the action plan.
- 16:30 **END OF DAY**

FRIDAY, DECEMBER 6

- 08:30–08:45 **Ideas I will use**
- 08:45–10:00 **Session 14: Action Plan Presentation by Participants**
Participants will present their action plans to the group and receive feedback from program leaders and colleagues.
- After the program, participants should work with others in their own jurisdictions (and elsewhere, if relevant) to refine and implement the action plans. (TC can provide assistance, via email, in the refinement of action plans).
- 10:00–10:15 **BREAK**
- 10:15–11:00 **Session 14: Action Plan Presentation by Participants (Continued)**
- 11:00–12:00 **Session 15: Panel Discussion: Q & A**
Program leaders will discuss aspects of climate-related and other environmental risks and how they can be dealt with, focusing on implementation challenges for regulators and supervisors. Questions and comments from participants will form a key component of the discussion.
- 12:00–12:30 **Evaluation and Closing Ceremony**
- 12:30–13:30 **LUNCH**