WELCOME REMARKS

Welcome to Implementing Green Capital Markets

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Good morning ladies and gentlemen.

Welcome to this important workshop on “Implementing Green Capital Markets.” I would like to thank our co-organizer, the Moroccan Capital Market Authority, for having done such a fabulous job. Let’s applaud the leadership of Ms. Nezha Hayat, Chair of AMMC, in this initiative.

Since our inception in 1998, Toronto Centre has trained more than 12,000 supervisors and regulators from 190 jurisdictions.

For many years Toronto Centre has covered the topic of climate risk in its insurance supervisory courses. However, since 2016 when we held an international panel on climate change and financial stability at the World Bank and IMF meetings, we have broadened our climate risk focus across all sectors of financial services including capital markets.

Integrating climate risk and the need to transform their response has become a priority for financial policymakers, regulators and supervisors, and market practitioners. Let’s briefly highlight the international initiatives that set the context for your workshop this week. In 2016, G20 leaders issued a communiqué recognizing the importance of scaling up green finance to support global sustainable growth.

They also encouraged 7 key efforts to:
- Provide clear strategic policy signals and frameworks
- Promote voluntary principles for green finance
- Expand learning networks for capacity building
- Support the development of local green markets
- Promote international collaboration that facilitates cross-border investment in green bonds
- Encourage and facilitate knowledge sharing on environmental risks, and
- Improve measurement of green finance activities and their impacts.

In 2017, the Central Banks and Supervisors’ Network for Greening the Financial System (NGFS) was established with 36 members from all continents. Their mission is to strengthen the global response to meet the goals of the Paris Agreement, and to enhance the role of the financial system to manage risks and mobilize capital for low-carbon investments to support sustainable development.

In 2018, the International Capital Market Association published the Green Bond Principles (GBP) which promote integrity in the development of the green bond market.

The GBP recommend a clear disclosure process for issuers, which investors, banks, underwriters, placement agents and others may use to understand the characteristics of green bonds. It is also worth mentioning that the IMF’s Global Financial Stability Report, 2019 prominently highlights climate risk as a risk to financial stability.
Therefore, I am very much encouraged by the promise made by the Marrakech Pledge which aims at enabling a rapid and effective establishment of climate resilient capital markets systems through fostering green capital markets in Africa.

Capital market regulators are not alone in being preoccupied with climate risk. For many years, the insurance sector and supervisors have acknowledged that climate risk results in acute events of greater frequency and severity such as floods and droughts, rising sea levels, and risks related to the transition to a lower-carbon economy such as stranded assets. While insurance helps, as the severity and frequency of natural disasters grows, even re-insurance cannot be counted on as a fool-proof counter-risk measure when it comes to climate risk.

Because it is clear that climate risk impacts the safety, soundness, and stability of financial institutions and markets, particularly less well-regulated financial systems, it is essential that both supervisors and regulators for all sectors of the financial system are aware of the risks posed by climate change and take appropriate actions. Our mission touches directly and indirectly on 11 out of the 17 UN 2030 Sustainable Development Goals (SDGs), including SDG 13, climate action.

By building the capacity of supervisors to incorporate climate risk into their own supervisory systems, Toronto Centre helps green capital market development.

In addition to incorporating climate risk and green finance into our existing programs, publications, and webinars, I’m pleased to announce that we will be launching a pilot program in December with the Eastern Caribbean Central Bank to help supervisors identify the impact of climate risk to financial institutions, economies, and consumers, and develop action plans to address these risks. This five-day program will be the first of its kind. I very much would like to bring such a program to Africa to further support your efforts in combatting climate risk.

I will conclude by congratulating the AMMC for leading the pledge and hosting this workshop, which underscores the important role of African national authorities in promoting green finance.

Toronto Centre’s mission is sponsored by our key funders, Global Affairs Canada, Sida, and the IMF, who share our concern for promoting financial stability, fostering financial inclusion, and achieving Sustainable Development Goals.

I hope you have a fruitful discussion and enjoy the program. I look forward to the outcome of the workshop and the white paper and thank you for your participation.