

WELCOME REMARKS

Welcome to Coping with Climate Change and Other Environmental Risks

Remarks by Babak Abbaszadeh, President and CEO, Toronto Centre

Event:

Opening Ceremony of Toronto Centre and the Eastern Caribbean Central Bank's (ECCB) workshop "Coping with Climate Change and Other Environmental Risks"

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Good morning Governor Antoine, executives, participants, and observers.

Welcome to “Coping with Climate Change and Other Environmental Risks.” We are thrilled to be here in beautiful Basseterre and thank you to the Eastern Caribbean Central Bank for hosting Toronto Centre’s program, the first of its kind.

Canada and its Caribbean partners share a deep history of cooperation, political traditions, long-standing special trade and commercial linkages, and cultural values. Canada acts as a champion for sustainable socio-economic development, enabling prosperity and poverty reduction, resilience-building, and strengthening democratic institutions throughout the region and for small states in general. ¹

Toronto Centre’s contribution to this valued relationship is the enhancement of the capacity of the Caribbean financial sector supervisors and regulators, who play a key role in sustainable economic growth and poverty reduction. Since our inception in 1998, Toronto Centre has trained globally more than 12,000 supervisors and regulators from 190 jurisdictions. Caribbean participants have always been amongst the most engaged in our programs.

The challenge

The Eastern Caribbean region is in the trenches, so to speak, of climate change, as it is situated in a hurricane belt and is a seismically active area—12 times as exposed to natural disasters as the world average. These circumstances result in massive damages, loss of life, are a significant draw on public finances, and undermine private sector capacity to sustain investment and growth.

The ECCB’s response

Therefore, Toronto Centre is inspired by the ECCB’s dedication to take action and reach their targets set in the Paris Climate Accord. I am encouraged by the pledge made by Governor Antoine that the ECCB has set a target to become climate neutral by 2022.

Governor Antoine articulated the ECCB’s dedication to this commitment when he said, “we want to have the moral authority and to make the argument globally that we are small, we are the *least* contributors to climate change, but here is what we are

¹ https://www.international.gc.ca/world-monde/international_relations-relations_internationales/multilateral-multilateraux/imf-fmi.aspx?lang=eng

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doing.” Let’s take a moment to acknowledge and applaud Governor Antoine for his championing this initiative and hosting this pivotal program.

Toronto Centre and climate risk

Integrating climate risk and the need to transform their response has become a priority for financial policy makers, regulators and supervisors, and market practitioners everywhere.

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 grow, 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 financial sectors are aware of the risks posed by climate change and are equipped to take appropriate actions.

In addition to incorporating the topic into our publications, podcasts, and webinars, Toronto Centre has covered climate risk in the context for change portion of its insurance supervisory courses for many years. 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.

Our work is aligned with broader global initiatives. For example, addressing climate change is an important pillar of Canada’s international development assistance. And in 2017, the Central Banks and Supervisors’ Network for Greening the Financial System 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

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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.

A cross-sectoral challenge

As indicated earlier, Toronto Centre understands that the risks posed by climate change are relevant to all parts of the financial sector. We have accordingly expanded our programs and developed other resources to provide information on how all entities operating in the financial sector might respond to these risks through their governance, strategies, risk management, metrics, targets, and disclosures and, in turn, how supervisors might promote these approaches.

By building the capacity of supervisors to incorporate climate risk into their own supervisory systems, Toronto Centre helps them identify the impact of climate risk to financial institutions, economies, and consumers, and develop implementable action plans to address these risks.

Today's program

Our objective here today is to deepen the ECCB officials' understanding of climate risk, the effect it has on the financial system, and steps that can be taken by supervisors to manage these risks. You will walk away with a knowledge of how to systematically address individual challenges with action planning and ensure critical success with key stakeholders.

Toronto Centre's mission, which touches directly and indirectly on 11 out of the 17 UN 2030 Sustainable Development Goals including SDG 13, Climate Action, is sponsored by our key funders, Global Affairs Canada, Swedish Sida, and the IMF. These organizations share our concern for promoting financial stability, fostering financial inclusion, achieving sustainable development goals, and poverty reduction.

I hope you all enjoy the program.

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