

The role of MDBs in Mobilizing Financing for Climate Resilience and Development

D/carb future economy forum
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Greening Financial Systems

The IDB builds the institutional and technical capabilities of Public Development Banks, Public Sector Institutions and regulators to channel finance towards projects and programs with socio-economic, environmental and climate impacts.

There are different channels MDBs can use to mobilize resource to Green Finance, offering to clients and partners in member countries with a view to mobilize private sector resources capital for impactful projects.

- Enhance capacity for Public Development Banks to green their lending
- Develop Financial and Capital Market Solutions for Public Sector Clients
- Leverage strategic partnerships for to scale sustainable finance and knowledge

Greening Public Development Banks – Client & Goals



Clients

- Public Development Banks
- Financial Supervisors



Goals

- Provide concessional climate finance for clients complementing Ordinary capital resources
- Provide Institutional Capacity
- Originate and “green” IDB Operations
- Produce & Share Knowledge

Greening Public Development Banks – Our Offering

Operations

Global Credit Lines with and without concessional capital

De-risking solutions such as guarantee funds for SMEs

Sustainability-Linked/
Performance-based operations



Technical Assistance and Dialogues

Institutional Strengthening

- Green/Climate Self-assessment
- Portfolio tagging and environmental, social and climate, and biodiversity related risks management
- Monitoring, Verification and Reporting - Metrics and dissemination
- Sustainable finance strategy

Design of Green Loan and Guarantee Operations

Dialogues & Financial Innovation Lab



Knowledge

Institutional Regional and Global Events

Knowledge sharing via ALIDE (Association of Public Development Banks)

Green Finance LAC Knowledge Platform

Knowledge Publications



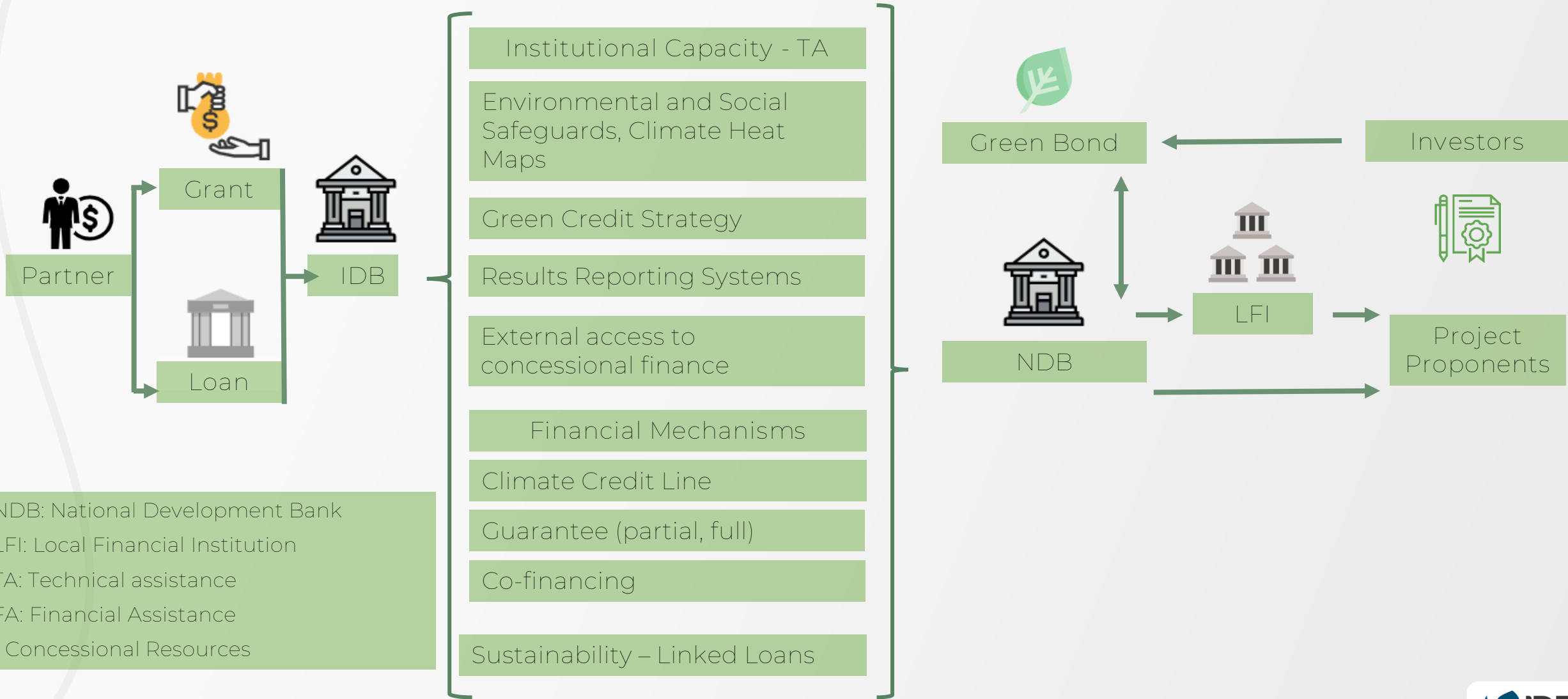
Access to donor resources

Access to concessional donor resources for operations and technical assistance



Initiatives: Green Coalition, Bioeconomy Fund, Greening the Public Development Banks Facility

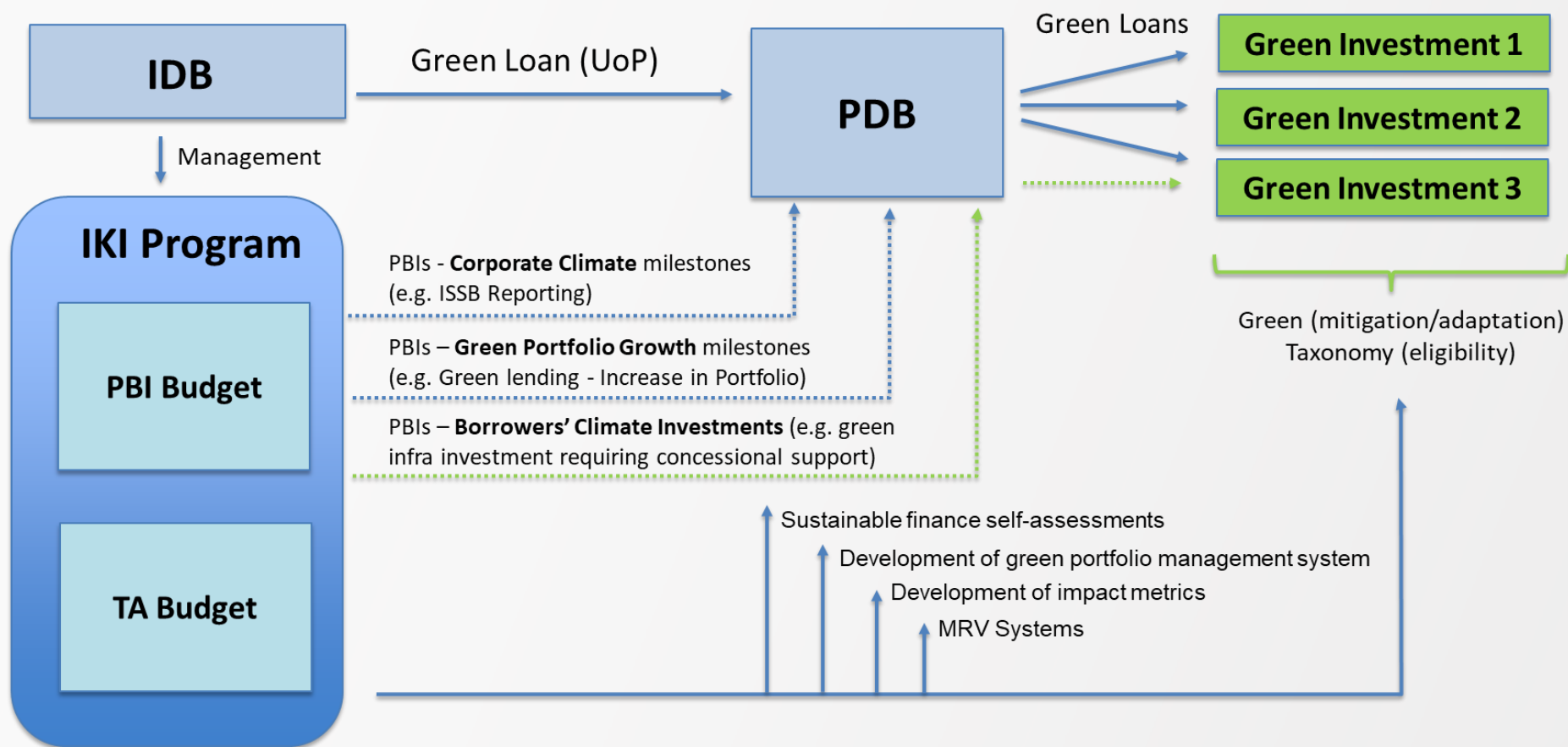
Greening Public Development Banks – How it works



NDB: National Development Bank
 LFI: Local Financial Institution
 TA: Technical assistance
 FA: Financial Assistance
 * Concessional Resources

Regional Facility for Greening LAC Public Development Banks

Technical Assistance and Performance-based Incentives (PBIs)



Greening Public Development Banks – Our Presence

The IDB has been the first MDB to work with Public Development Banks (National and Sub-national Development Banks) in general and on green finance in particular



IDB built a strong partnership and portfolio with Public Development Banks deploying a financial solutions toolbox including loans, guarantees, bonds, and technical assistance.

Going forward IDB will work with Public Development Banks via the Green Coalition for the Amazon, the Greening the Public Development Banks Facility and supporting the Public Development Banks to access complementary sources of capital (e.g. access to capital markets and catalytic capital) and implementing financial solutions connected to impact (e.g. sustainability-linked structures).

Greening Public Development Banks – Examples

- Energy efficiency and biomass Credit Lines with BICE/Bandesal– Argentina/El Salvador (AR-L1280/ES-L1132)
- Bioeconomy Credit Lines in Peru with Cofide (PE-L1258) in Ecuador with Conafips (EC-L1286), in Suriname with NOB (SU-L1069) and in development in Brazil with Banco do Brazil
- Latin America and the Caribbean Facility for Greening Public Development Banks and the Financial Sector (RG-O1720)
- Technical Assistance for the Green Coalition of Public Development Banks of the Amazon Region (RG-T4413)
- Exchange Rate Hedging Platform for Brazil's Green Transformation Plan Investments ([see here](#))

Greening Capital Markets – Client & Goals



Clients

- Sovereigns
- Public Development Banks
- State-Owned Enterprises
- Capital Markets & Pension Fund Regulators



Goal

- Develop Green and Thematic Capital Markets
- Increase the sophistication of issuers and issuances

Greening Capital Markets – Our Offering

Operations

- Thematic Bonds
- Guaranteed issuances (Debt for Nature/Climate Swaps)



Technical Assistance and Dialogues

- Issuance support: Sustainable Frameworks and SPOs (see next slide)
- Market Infrastructure: Country Taxonomy / Regulation
- Impact Reporting: Green Bond Transparency Platform



Knowledge

Knowledge Academy & Training on Green and Thematic Bonds

Research, Knowledge and Data



Engagement with donors

Access to donor funds for clients to develop Thematic Bond Program



Initiatives: Amazonia Bonds, Green Bond Transparency Platform, Green Bond Partnership and Global Green Bond Initiative

Greening Capital Markets – Holistic support on issuance cycle



INSTITUTIONAL STRENGTHENING

- ESG risk rating
- E&S System development
- GHG Framework
- Sustainable finance capacity building



CREATION OF A FRAMEWORK

- Identification of eligible portfolio
- Evaluation of the institutional ESG profile and strategy
- Preparation of framework
- Second-Party Opinion



FINANCIAL STRUCTURING

- Domestic/International-Public offering vs private placement
- Credit enhancement feature (guarantee, anchor investment)



ROADSHOW

- Market Research
- Support in the roadshow activities



REPORTING

- M&E indicators and systems

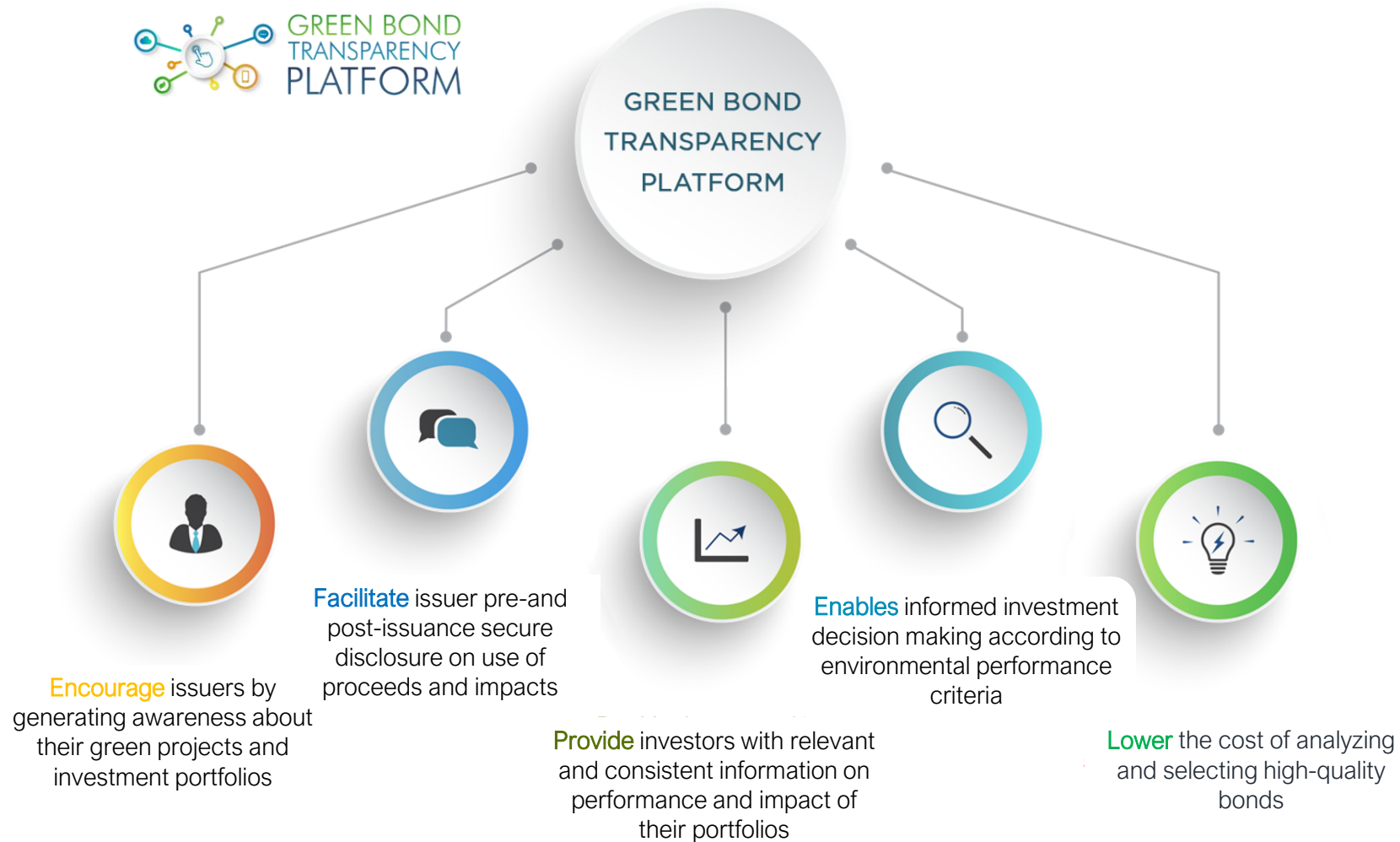


POST ISSUANCE

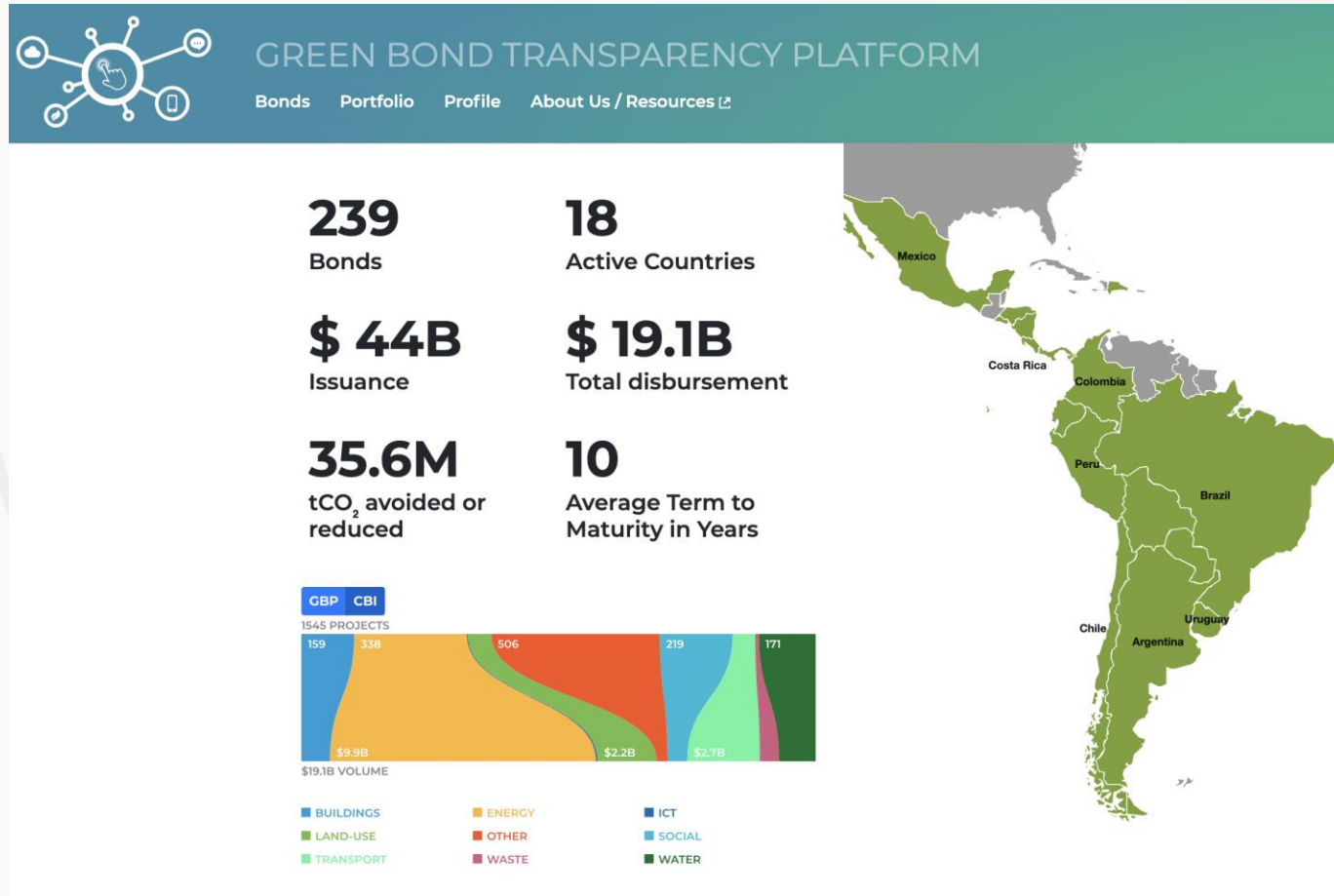
- Toolkits
- Learning materials
- Knowledge Sharing Strategies

MARKET INFRASTRUCTURE SUPPORT (E.G. TAXONOMIES)

GBTP: An IDB initiative on Impact Reporting



GBTP: standardized platform for thematic bonds reporting



+80% of LAC green bond market volume reported

+100 LAC issuers reporting voluntarily

+400 market actors trained

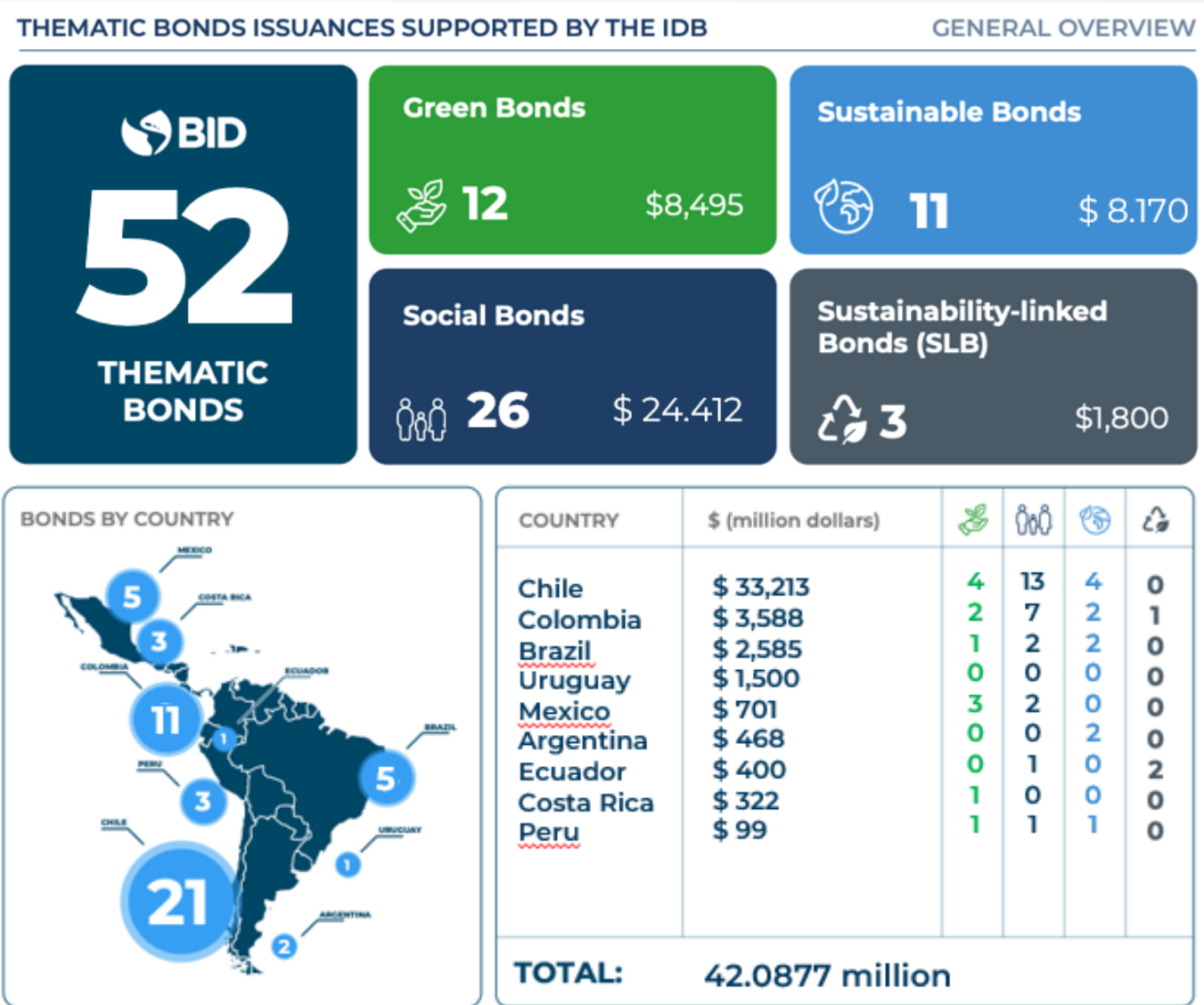
Includes sustainability bonds & an open structure to replicate other bonds

Joint Declaration Globalization announcement with other multilateral development institutions ([see here](#))

GBTP Research: Call for papers on “[Green Bonds in Emerging Market Economies](#)” (2022) to foster an understanding on investor preferences and determinants for a greenium

Learn more at <https://www.greenbondtransparency.com/>
Contact us for more information: support@greenbondtransparency.com

Greening Capital Markets – Our Presence

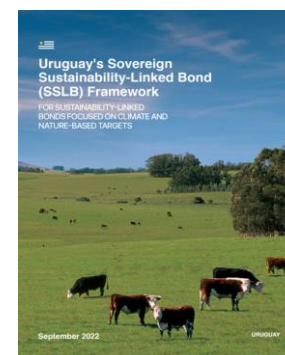
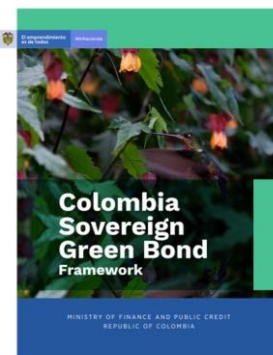


Last update: January 2024

Greening Capital Markets – Examples

Most recent innovative instruments

- First sovereign social bond with a partial credit guarantee – Ecuador ([see here](#))
- First sustainability linked debt focused on nature conservation guaranteed by both a multilateral institution (BID) and a non-governmental organization – Barbados ([see here](#))
- First sustainability-linked bonds (SLB), with a step-down mechanism – Uruguay ([see here](#))
- First sovereign green bond in local currency and domestic market through twin bonds mechanism – Colombia ([see here](#))
- Financial Innovation: Credit Enhancement of Sustainability-Linked Sovereign Financing for Nature & Climate ([see here](#))



Thank you!

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