

REMARKS TO FELABAN GOVERNORS BY GEORGINA BAKER, IFC Vice President for Latin America and the Caribbean

Dear Felaban Governors and Directors.

At IFC, we are grateful and proud of the partnership that we have developed with Felaban over the last three years to tackle one of the most pressing development challenges the region faces today. **I'm referring to climate change.**

I am particularly grateful to the secretary general, who has been a true ally in our efforts to move the climate finance agenda forward in the region. Thank you again Giorgio.

As you are well aware, global warming has the very real potential to disrupt the day-to-day business of the banking sector everywhere in the world, but what I want to talk about today is a positive message.

**Let's realize the opportunities associated with climate-finance in the region.**

The greening of the economies in Latin America and the Caribbean is only starting. Climate-smart projects in the region are slowly beginning to flourish in sectors ranging from sustainable construction, renewable energy and energy efficiency, to agribusiness and urban transportation.

And I'm confident that this dramatic shift will only pick up pace in the coming years.

Like the rest of the world, Latin America needs to make its economies greener, more climate-smart, and more resilient to adverse climate events.

IFC estimates the market for low-carbon investments is over over 2.6 trillion dollars by 2030. We are not the only ones seeing this. Studies by other global institutions and governments reveal the enormous opportunity for climate finance in the years ahead.

Banks in the region have only begun to scratch the surface of what is possible.

Climate change offers a huge opportunity for banks to reinvent themselves and innovate.

Green finance can help banks differentiate themselves from new entrants, such as Fintechs, and reach the growing ranks of millennials, who are keenly interested in

socially conscious and green investing. The banking sector in the region needs to show them that they take climate change seriously.

So how do we go about making the financial sector and the banks in in the region **green**? How do we make sure that **sustainability** is the cornerstone of the banking sector in Latin America?

In our experience, banks should focus on some concrete steps.

They should identify market opportunities and risks related to climate.

They should review and understand their portfolio and how it relates to climate.

They should make sure that their staff is trained and has the technical expertise for green business. Banks need green bankers, just like they have investment, corporate and retail bankers.

And banks should mobilize financial resources for green growth, such as green bonds.

As leaders of the Latin American banking sector, it is our responsibility to steer the banking sectors in our countries towards green growth.

At IFC, we have been working with many financial institutions in Latin America towards this, and **we are ready to redouble our efforts.**

As our clients already know, IFC is leading by example when it comes to greening our portfolio.

A decade ago, only 12 percent of our investments were focused on climate.

In the last year, it was 30 percent. Our aim this year is that 35 percent of our commitments will be to climate projects.

**Our goal is to help Latin America and the Caribbean build the right pillars to address climate change.**

That is why we are working with regulators and banking associations and central bankers to help them design the right framework and incentives to promote green finance. That is why we are working with banks to help them train their staff. That is why we are advising them on green finance opportunities.

IFC is the global leader in green capital markets. In fact, IFC was also one of the earliest issuers of green bonds globally, launching a Green Bond Program in 2010 to help catalyze the market and unlock investment for private sector projects that support renewable energy and energy efficiency.

IFC's own green bond global issuances a few months ago broke the 10 billion dollar mark.

Our experience in green bonds has allowed us to support green bond issuances by banks in Latin America.

We partnered with three banks to pioneer the first three bond issuances by private commercial banks in the region. We continue to see the enormous potential of supporting more green bond issuances in the months ahead.

Yet these issuances show that we cannot have real impact without the right standards. I believe we can all play a role in this area, whether through policy, data, our issuances, or our investments.

That is why IFC is a founding member of the Green Bond Principles. These Principles promote integrity in the green bond market through guidelines for transparency, disclosure, and reporting. They are designed to avoid "greenwashing".

**As a new generation of investors becomes more aware of the climate-challenge and eager to make a difference in the world, we firmly believe that green bonds that follow the right guidelines have the potential to become the investment vehicle of choice.**

At IFC, we are proud to see green bond issuances in the region take off. Just in the first six months of the year, green bond issuances in Latin America and the Caribbean tripled from the previous year and reached 3.7 billion dollars.

This is an indication of the pipeline of green business opportunities that are emerging in the region.

These numbers are inspiring, but they are only a start. Green bond issuances in the region represent only 2 percent of global green bond issuances. **We can do more.**

**Our experience scaling up our investments in climate has also taught us that it is crucial that governments and the private sector work together.**

This is part of what we call our upstream work at IFC. It includes working with the public sector in passing new regulations and bringing stakeholders together to develop standards and frameworks.

And that is why the Sustainable Banking Network was established.

To develop [regulatory guidance](#) and encourage local banks to adopt sustainable banking practices.

Thanks to the steadfast support of partners like FELABAN, the Sustainable Banking Network now has 12 member countries from Latin America and the Caribbean – all working to promote green finance in their banking sectors.

Thank you for your commitment!

As all of you know, policy is only a means to an end. What ultimately matters is measurable change in the practices of banks and the impacts of the businesses and projects they finance.

After initial progress in setting a collective vision, SBN members are now **driving measurable change**, with a focus on four areas:

- Sustainable finance needs to be central to financial supervision.
- Robust reporting and monitoring frameworks need to be established.
- More work is urgently needed to enable financial market players to understand and manage both physical and transitional climate-related risks.
- Industry-wide capacity building remains critical to supporting broad behavior change among emerging market financial institutions.

Felaban has a crucial role to play in these initiatives.

Our experience has also taught us that the main barrier for accelerating the transformation of banks in this region towards green banking was insufficient knowledge and training on the risks and opportunities of climate change.

That's why we decided to pioneer the IFC Green Banking Academy, -- an initiative we launched for Latin America at this same conference, one year ago. This broadens our offering beyond green financing and advisory to include now knowledge and capacity building.

The partnership with Felaban has been essential for its launch.

It focuses on providing banking staff, including managers and senior executives, with the right skills and training on climate finance.

With the IFC Green Banking Academy, we are putting IFC's global expertise on climate finance at your disposal.

The academy has different training programs, offering specialized strategic and technical training for managers, customized workshops for senior executives, and roundtables for CEOs and Presidents. And much more.

It is a one-stop shop for banks to acquire specialized skills and expertise so they can take advantage of the green transformation underway throughout this region.

For this, the IFC Green Banking Academy is developing specific training contents and partnering with such top allies as the Renewable Academy from Germany (RENAC), Universidad Javeriana from Colombia, and the IE Business School from Spain, just to mention a few.

I would like to thank your institution, Felaban, not just for hosting this conference, but also for recognizing the significance of this agenda and for placing climate change and green finance at the center of its institutional priorities.

We have partnered now for 3 years with Felaban to promote green banking, and we are extremely proud of what we have accomplished together.

Giorgio is a true champion for green finance and has facilitated the growth of the Sustainable Banking Network in Latin America. Thank you, Giorgio!

By joining together at forums such as this we can continue to align our interests and make further progress to help Latin America mitigate the impacts of climate change and take advantage of the investment opportunities that are opening up in the region.

We have accomplished many things over the last three years. There is still much to be done.

In this context, I now urge you to consider creating a Felaban working group that can help to push the green finance and sustainable banking agenda forward in Latin America.

We firmly believe that a working group can bring together the knowledge and lessons-learned from associations in the region that have been leading the charge in this area.

It will also help to accelerate the green finance agenda across the region.

The working group will help to make sure that some of the countries that have not yet fully embraced green and sustainable finance practices can catch up quickly and benefit from the experience of the leading banking associations in the region.

Climate change is a disruptive force for the banking industry. Don't let your banking sector stay on the sidelines. Rather, I invite you to engage fully, and let's expand our collaboration to help the banking sector move forward and realize the potential for climate-smart investments in this region.

Thank you!

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