

PROTOTYPE – FACT SHEET

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Title

Financial Innovation for Climate Investment in Developing Countries

Mission statement

As climate change implies changes in the production function of our economies, the banking system must help businesses do the transition in a sustainable way, so it needs to help design ways ease the convergence between the ability for private sector to generate jobs in a climate sustainable way, and the banks to find profitable ways to support it.

The banking system as a source to boost economic activities must reinvent itself in order to design financial vehicles for sustainable businesses in accordance with international standards, and a national climate change policies.

Briefly describe your prototype idea

The main purpose of this prototype is to suggest reforms in the banking regulation system in order to help policy efforts for climate adaptation, and private involvement in this issue.

This includes involving the banks and other representatives of the private sector in analyzing the challenges that climate change posts on the economy, and efforts to build consensus around a set of policies and reforms, as well as conceiving financial vehicles for climate finance in accordance to the established banking regulations

Target group

Financial institutions subject to established the regulations

Potential partner(s) for implementation

- Central banks/superintendence of banks, and others participating in the financial regulation/supervision
- Ministries of environment/institutions responsible for governmental climate change policies
- Bankers Associations

Key challenges and opportunities

Challenges

- State of the financial system development
- Inability of identifying business opportunities in financing climate friendly economic activities
- Structural issues among government agencies to coordinate a comprehensive set of policies and reforms in order to mobilize savings to climate finance.

Opportunities

- Diversify investment opportunities in climate finance for the financial system including mobilizing pension savings toward climate friendly economic activities
- Developing a regulation framework that help support the flow of resources to climate-friendly economic activities, especially small bushiness
- Institutional strengthening of the agencies responsible for financial regulations and climate change policies

Next steps

Prototype Schedule											
	Activity	April 2016	May	June	July	August	September	October	November	December	January 2017
1	Designing a route map										
2	Revision of the country commitments according to the 2015 Paris Accord										
3	Revision of the financial regulations										
4	Revision of international experience and literature										
5	Interview some pundits on the issues regarding climate finance and how financial innovations can help boost it including government and private sector officials										
6	Prepare a first draft including findings and recommendations										
7	Propose ideas for reform including building capacity programs										