

To meet the goals of the Paris Agreement and limit global warming to 1.5°C by the end of the century, greenhouse gas (GHG) emissions need to be cut 50% by 2030 and reach a net zero emissions trajectory by 2050. To achieve this, significant investments in environmentally sustainable projects and economic activities are required.

Sustainable finance taxonomies establish a common language and science-based definition of “what is green or environmentally sustainable” and “what is not”. Sustainable finance taxonomies - classification systems for environmentally sustainable activities - provide clear guidance to market participants of activities that are considered environmentally sustainable, thus helping to redirect investments that help drive the transition to a low-emissions economy and climate resilient.

In order to help the private sector, specifically financial actors and companies, determine which activities qualify as environmentally sustainable, more and more countries around the world and in the Latin American and the Caribbean (LAC) region have developed or are on the way to developing official definitions of sustainable finance, as well as classification systems (taxonomies) of economic activities and investments that incorporate their own environmental objectives, focusing mainly on the climate change goals established in the Paris Agreement.

The adoption of taxonomies at the national level without a coordination process at the regional and/or global level can increase market fragmentation and generate competition problems, which will make it more difficult and costly for financial market participants understand what a green or environmentally sustainable activity is. The financial sector is the most standardized sector globally and requires well-founded and harmonized standards on what can be recognized as a green or environmentally sustainable activity. In this sense, a set of comparable and interoperable definitions between jurisdictions would provide certainty, credibility, integrity and transparency to the market, facilitating the identification of investment opportunities for the private sector, specifically for participants in national, regional and cross-border financial markets and, in turn, allowing the mobilization of private capital aligned with the goals of the Paris Agreement and other environmental policy objectives.



In this line, as part of the Interagency Technical Committee (ITC) of the Forum of Ministers of Environment of LAC, the Working Group on Sustainable Finance Taxonomies in LAC (LAC Taxonomy Working Group) was created. The LAC Taxonomy Working Group is constituted by the United Nations Environment Program (UNEP), the World Bank Group, the United Nations Development Program (UNDP), the Economic Commission for Latin America (ECLAC), the Inter-American Bank of Development Bank (IDB), Development Bank of Latin America (CAF), and the Food and Agriculture Organization of the United Nations (FAO). The LAC Taxonomy Working Group is financially supported by the European Commission through the EUROCLIMA+ Programme.

The LAC Taxonomy Working Group aims to develop a common framework of sustainable finance taxonomies for the LAC region, based, in a first phase, on climate change activities. This common framework will serve as a guide for the development and harmonization of national taxonomies specifically for the LAC region.

Objective

The virtual seminar *“Sustainable Finance Taxonomies: A framework to facilitate low-emission and climate-resilient investment in Latin America and the Caribbean”* will officially launch the Working Group on Sustainable Finance Taxonomies in LAC and its 2022-2023 work plan.

In its first year, the LAC Taxonomy Working Group will map the landscape of international and regional sustainable finance taxonomies that have been developed or are currently under development. This analysis will assess in a granular way the differences and the points in common between sustainable finance taxonomies in LAC and globally. These commonalities will provide a basis for developing a common framework of sustainable finance taxonomies for LAC that, at the same time, reflects the different national circumstances of the member states of the LAC region.

In this webinar, leaders from countries and international institutions will discuss and attempt to answer some of the most pressing questions, including:

- What are the sustainable finance trends in LAC?
- What is a sustainable finance taxonomy and what is its main purpose?
- What are the benefits of adopting a national taxonomy of sustainable finance?
- How can a sustainable finance taxonomy promote and mobilize private capital for the transition to a low-emission and climate-resilient economy?
- Which countries have developed or are developing sustainable finance taxonomies and what are their characteristics (scope, prioritized sectors, metrics and thresholds by sector, among others)?
- What are the lessons learned in the design and implementation phases of sustainable finance taxonomies? What considerations are key in governance of sustainable finance taxonomies?
- What are the key elements to be considered by private financial actors to apply sustainable finance taxonomies in their portfolios?
- Why is it important to have interoperable definitions of sustainable finance in the LAC region? Which are the critical issues for taxonomy interoperability to be addressed? What are the considerations for developing and implementing a common framework for sustainable finance taxonomies in LAC? How can the countries of the LAC region use the common framework for the development of their own national taxonomies of sustainable finance?



Agenda

Time	Title	Speakers
09:00 09:10	Welcome remarks & Introduction of the Working Group on Sustainable Finance of Latin America and the Caribbean Piedad Martín , Deputy Regional Director and Officer in Charge, UNEP Latin American and the Caribbean	Excellency Franz Tattenbach , Minister of Environment and Energy of Costa Rica and President of the Forum of Ministers of the Environment of Latin America and the Caribbean Eric Usher , Head, UNEP FI
09:10 09:30	Global and regional landscape on sustainable finance Moderator: Charlotte Gardens-Landolfini , Climate Change, Energy and Financial Stability Expert, IMF	Silvia Anna Ainio , Policy Officer Sustainable Finance, Directorate-General for International Partnerships (DG INTPA), European Commission Graham Watkins , Chief, Climate Change Division, IDB Farah Hussain , Senior Financial Officer, World Bank Treasury
09:30 09:55	Sustainable finance taxonomies and the importance of enhancing the interoperability of taxonomies globally Moderator: Marcos Neto , Director Sustainable Finance Sector Hub, UNDP	Mireille Martini , Taxonomy Outreach Manager, Climate Bond Initiative (CBI) Ma Jun , Chair, Green Finance Committee of China Society for Finance and Banking, and Co-Chair International Platform on Sustainable Finance (IPSF) Taxonomy Working Group Raffaella Assetta , Head of Unit, Directorate-General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA), European Commission
09:55 10:20	Taxonomies of sustainable finance: cases in Latin America and the Caribbean Moderator: Marcela Ponce , Head of Climate Finance, IFC	Mariana Escobar , Head of Climate Finance, Financial Superintendence, Colombia Juan Ernesto Jiménez Oliver , Intendent of the Securities Market, Dominican Republic Alejandro Manriquez , Coordinator of Financial Analysis and International Liaison, Ministry of Finance and Public Credit, Mexico
10:20 10:35	Public-private dialogue tables as mechanisms to promote the transition towards a low-emission and climate-resilient economy Moderator: Jose Luis Samaniego , Director, Division of Sustainable Development and Human Settlements, ECLAC	Joaquin Guajardo , Coordinator of the public-private table on green finance, Ministry of Finance, Chile Olga Cantillo , Executive Vice President and General Manager of the Latin American Stock Exchange - Latinex Panama
10:35 10:45	Closing remarks and next steps - Common Framework of Sustainable Finance Taxonomies for Latin America and the Caribbean	Mercedes G. Fariña , Programme Management Officer, UNEP, Latin America and the Caribbean Office Vishwas Vidyaranya , CEO, Ambire

