Many governments have pledged to adopt a faster transition to lower carbon emissions following COP 26 recommendations. These pledges will now require concrete policy implementation and the mobilization of resources. Private capital will be needed, as the amounts necessary to meet the commitments to reduce climate risks (Paris Agreement 2015 and COP 26 2021) and the Sustainable Development Goals (SDGs) far exceed the scope of traditional financing for development.

In the case of Latin America and the Caribbean (LAC), meeting the growing demand for quality public services and infrastructure that are sustainable and climate-friendly, will require a considerable fiscal effort and catalyzing new sources of financing. This will be even more challenging in a context of rising economic, financial, and social challenges following the impact of the COVID-19 pandemic.

Capital markets can contribute to raising private sector financing for sustainable development in the region. The paper “Corporate governance in Latin America and the Caribbean. Using ESG debt instruments to finance sustainable investment projects” examines the potential of debt instruments linked to sustainability as a source of financing for investment projects in the region, as well as their role in strengthening the governance structures of companies through improved risk management. It is part of a line of research on financing climate change and circular economy strategies in the region.

From a corporate governance approach and with a focus on the role of ESG indicators in achieving sustainability, six Latin American companies that have issued sustainability-linked bonds in the international fixed-income market are analyzed in the report. These case studies reveal the absence of a clear agreed framework for reporting, measuring, and comparing the climate impact of corporate activity, as well as of benchmarks. This may be an impediment to scale-up ESG strategies in the region’s business sector.

Looking ahead, what possible strategies could be used to accelerate the pace of standardization in the region’s ESG sector? The goal of this side event is to debate, from both a public and private sector’s perspective, the possible role ESG bonds can play in financing sustainable growth, as well as best practices for improving companies’ information disclosures and ESG efforts in the region.
AGENDA
Wednesday, March 09, 2022 / 14:30 – 16:00

14:30 – 14:40 Opening remarks
Marita Broemmelmieier, Director GIZ México
Mario Cimoli, Deputy Executive Secretary of the Economic Commission for Latin America and the Caribbean (ECLAC)
Helvia Velloso, ECLAC (Moderator)

14:40 – 14:55 Presentation of the paper “Corporate governance in Latin America and the Caribbean. Using ESG debt instruments to finance sustainable investment projects”
Mario Cimoli, Deputy Executive Secretary of the Economic Commission for Latin America and the Caribbean (ECLAC).

14:55 – 15:35 Comments from government and market perspectives
• Mario Marcel, Minister (incoming) of Finance of Chile and Former President of the Central Bank of Chile
• Mtra. Karina Ramirez Arras, Head, Non Tributary Revenue Unit, Ministry of Finance of Mexico
• Denise Pauli Pavarina, Vice-Chair of the Task Force on Climate-Related Financial Disclosures (TCFD) – Brazil

Georgina Núñez and Filipe Da Silva, ECLAC (Moderators)

15:35 – 15:50 Debate

15:50 – 16:00 Final remarks
Santiago Lorenzo, Head of the Economy of Climate Change Unit (ECLAC)