



Panel 3 : How does climate change impact financial stability policy? Case of Morocco

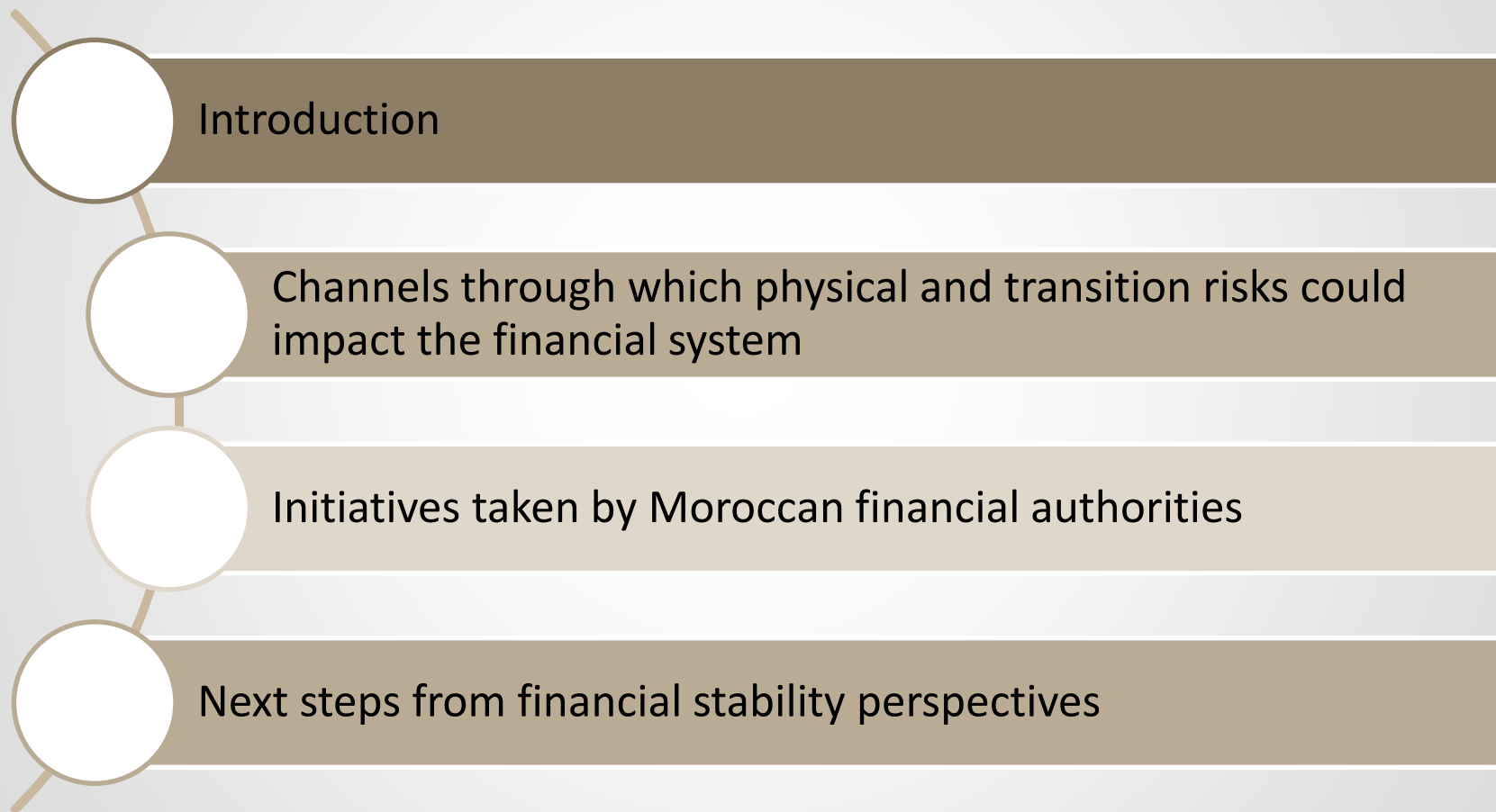
8th Annual Conference of the Bilateral Assistance and Capacity Building for Central Banks (BCC) programme

Speaker :

Halim JADI, Director of Macroprudential Surveillance Department
Central Bank of Morocco



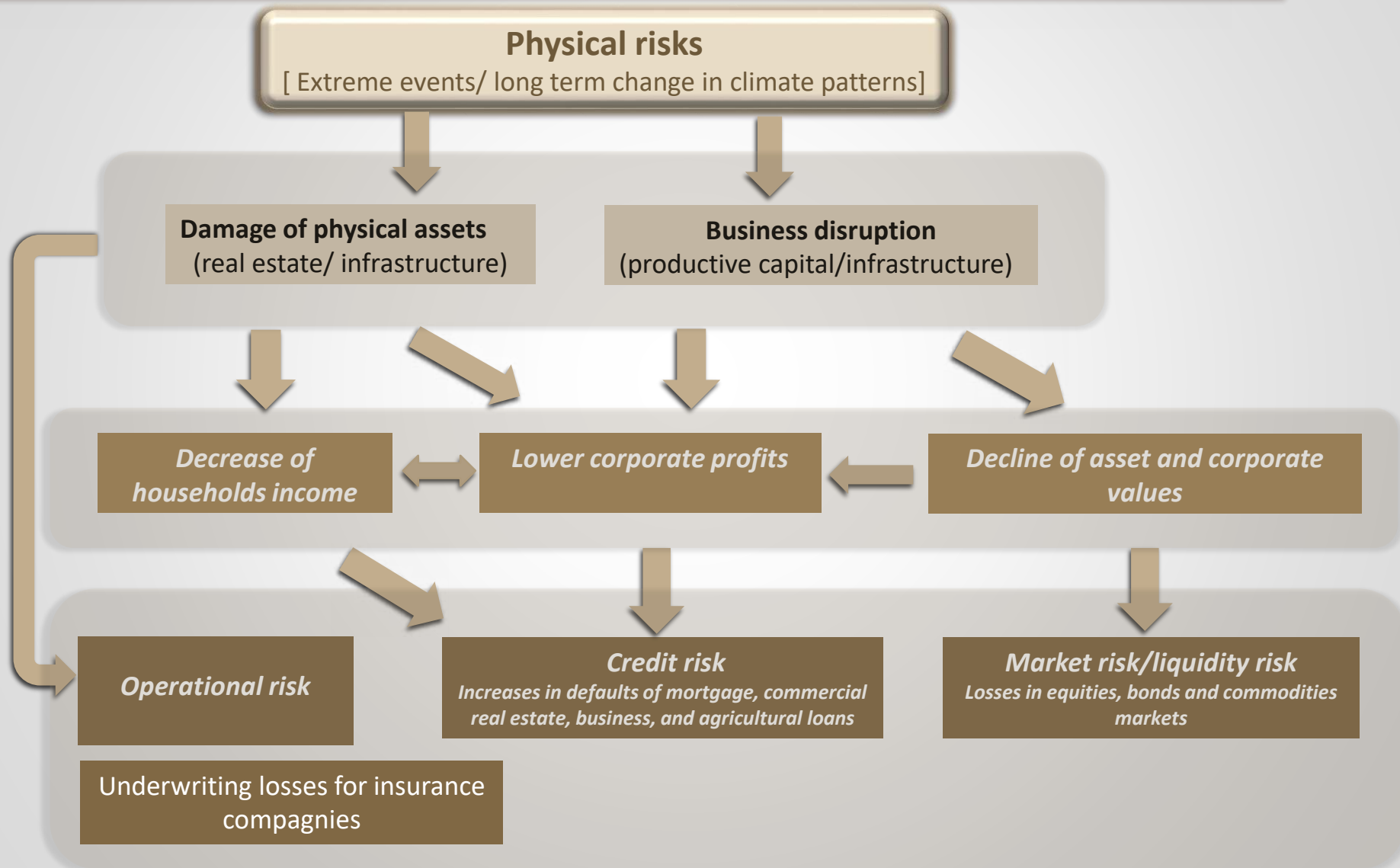
AGENDA



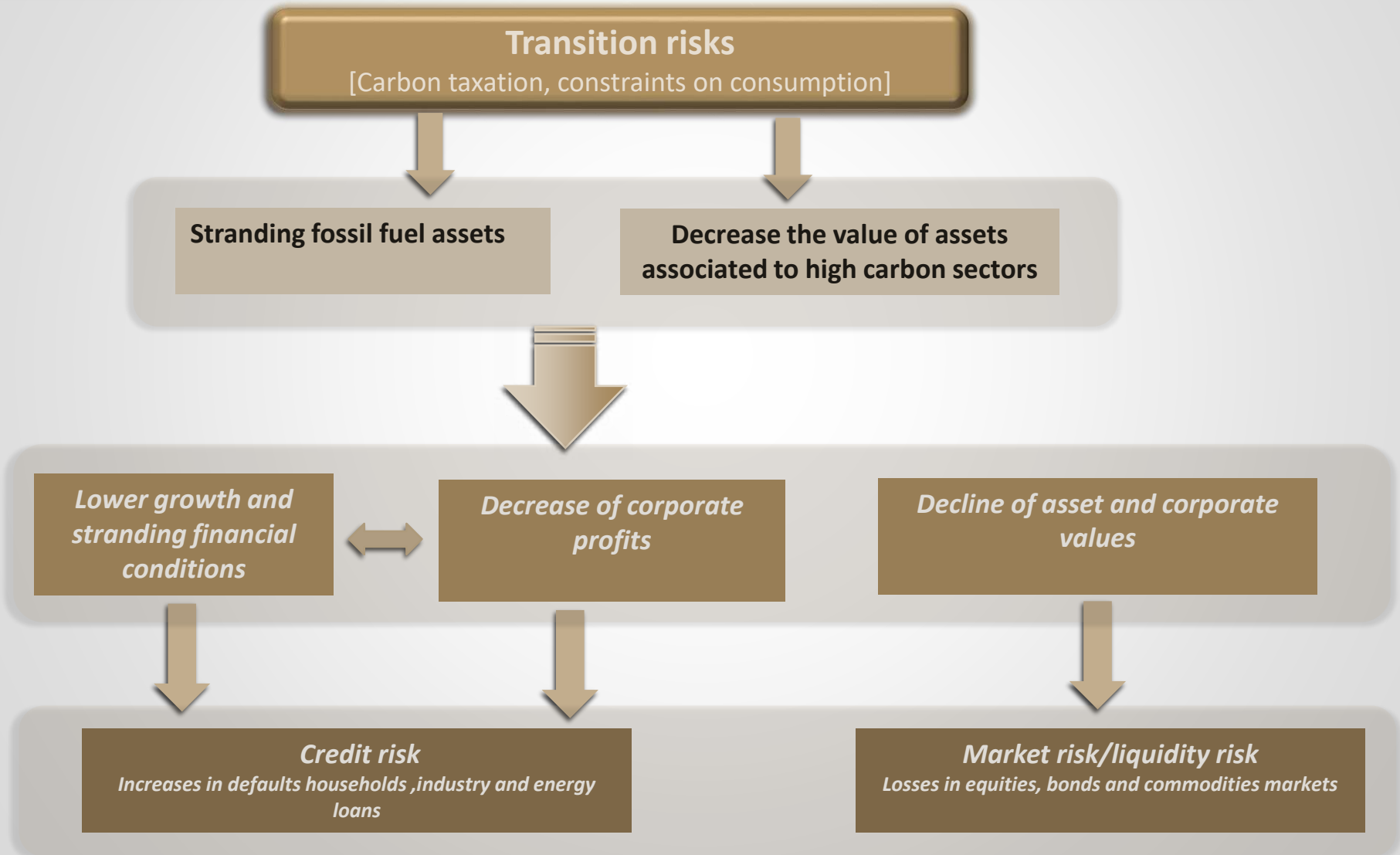
INTRODUCTION

- Morocco has a marked climate vulnerability which naturally results in soil degradation and a strong recurrence of drought cycles, while it contributes little to gas emission.
- The climate change is starting to have a significant impact on temperature and precipitation:
 - ✓ The temperature which could increase from 1.1 to 1.6 ° C by 2030, 2.3 to 2.9 ° C in 2050, and from 3.2 to 4.1 ° C in 2080
 - ✓ Annual precipitation is expected to show decreases of up to 14% in 2030, 30% in 2050, and 36% in 2080
- Due to an increasing awareness about climate change risks, the financial sector have increased its efforts to minimize the effects of climate change and mitigate the related physical and transition risks.

Channels through which physical and transition risks could impact the financial system

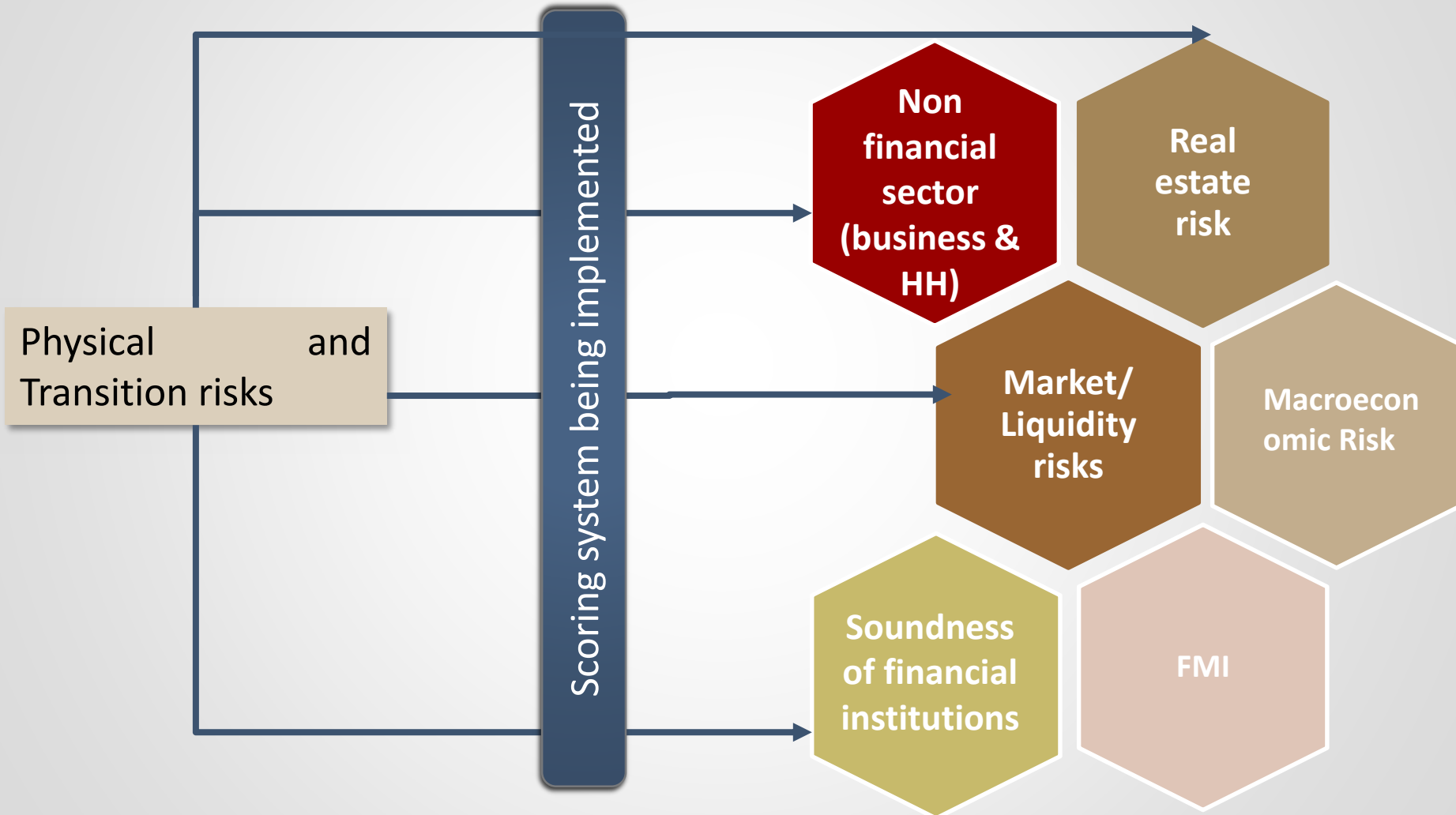


Channels through which physical and transition risks could impact the financial system



INITIATIVES TAKEN BY MOROCCAN FINANCIAL AUTHORITIES

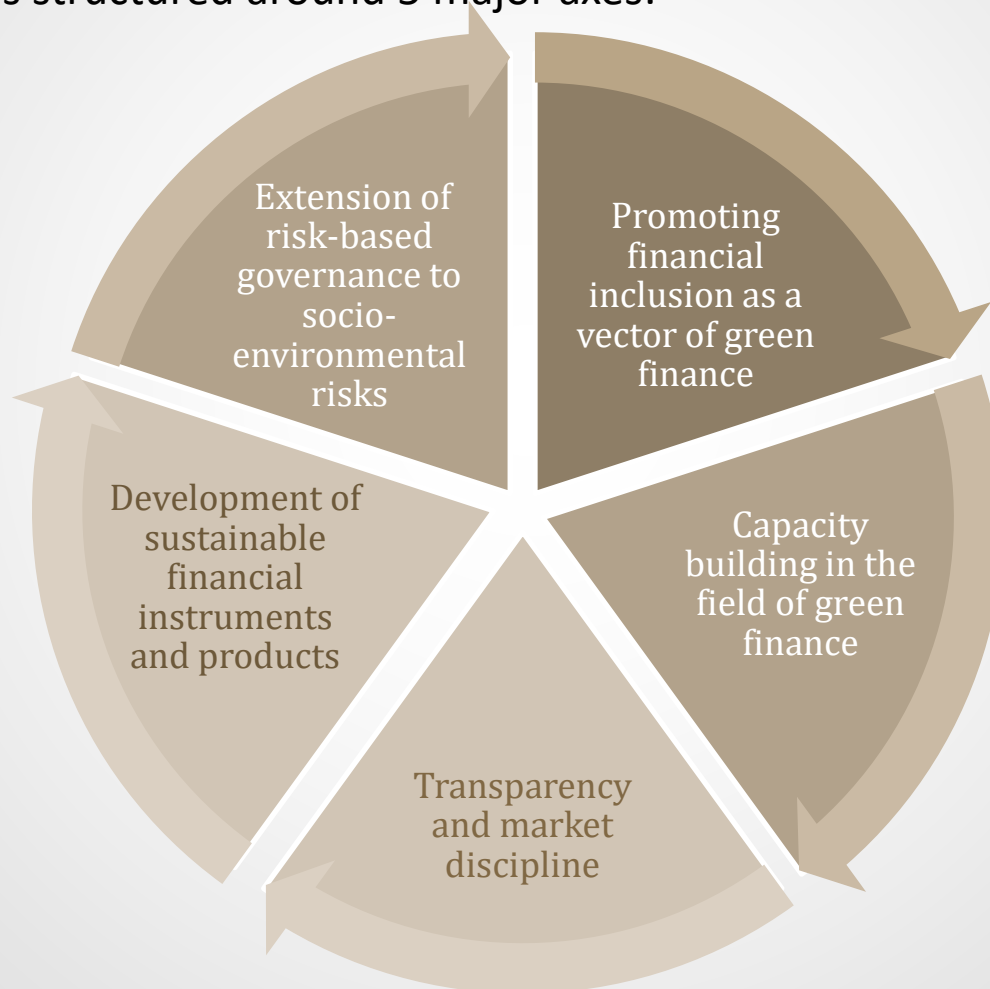
- Integrating Climate related risks in the **Systemic Risk Map**



- Integrating Climate related risks in **Macro Stress Testing**

INITIATIVES TAKEN BY MOROCCAN FINANCIAL AUTHORITIES

- The financial market regulators (BAM, AMMC, ACAPS) draw the outlines of a roadmap for alignment the Moroccan financial sector on sustainable finance
- The roadmap is structured around 5 major axes:



- The follow-up of this roadmap is regularly carried out by the Coordination and Monitoring Committee of Systemic Risks

INITIATIVES TAKEN BY MOROCCAN FINANCIAL AUTHORITIES

BANK AL-MAGHRIB (Central Bank of Morocco)

Regular meeting Central Bank/Banking sector to monitor the implementation by banks of the SF roadmap


Central bank is member of the NGFS and contributes to its work

Mobilization by some banks of «Green Bonds» to finance eco-responsible projects

Preparation of Draft Regulatory Directive setting out guidelines for climate risk management

INITIATIVES TAKEN BY MOROCCAN FINANCIAL AUTHORITIES

Moroccan Capital Market Authority (AMMC)

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- The AMMC has developed a guide serving as a reference for institutions wishing to issue «Green Bonds»
 - This guide was revised in July 2018 to include, in addition to green bonds, durable bonds.
 - Introduction of green finance in the various agreements concluded with foreign counterparts (Nigeria, Ghana, CREPMF, etc.).
 - Organization of awareness-raising workshops bringing together regulators and investors on Green Finance subjects
 - Publication of a text requiring the production of societal and environmental reports for companies making public offerings.

INITIATIVES TAKEN BY MOROCCAN FINANCIAL AUTHORITIES

Insurance and Social Security Supervisory Authority (ACAPS)

Organization in 2017 of the 1st edition of Moroccan Sustainable Insurance Day 2017 in collaboration with FMSAR and UNEP

Signing MOU to promote investments in the environmental and sustainable development areas

Adopting Circular No. AS / 03/19 concerning the establishment of prudential rules for insurance companies to strengthening their financial capacity to face **catastrophic events**

NEXT STEPS FROM FS PERSPECTIVE

- Quantify climate-related risks to financial stability
- Finalizing the Integration of those risks in Systemic risk map and MacroPru Policy & Instruments to increase financial institutions' resilience to climate-related risks
- Develop Stress tests/Crisis simulation for climate-related risks



Thank you for your attention