

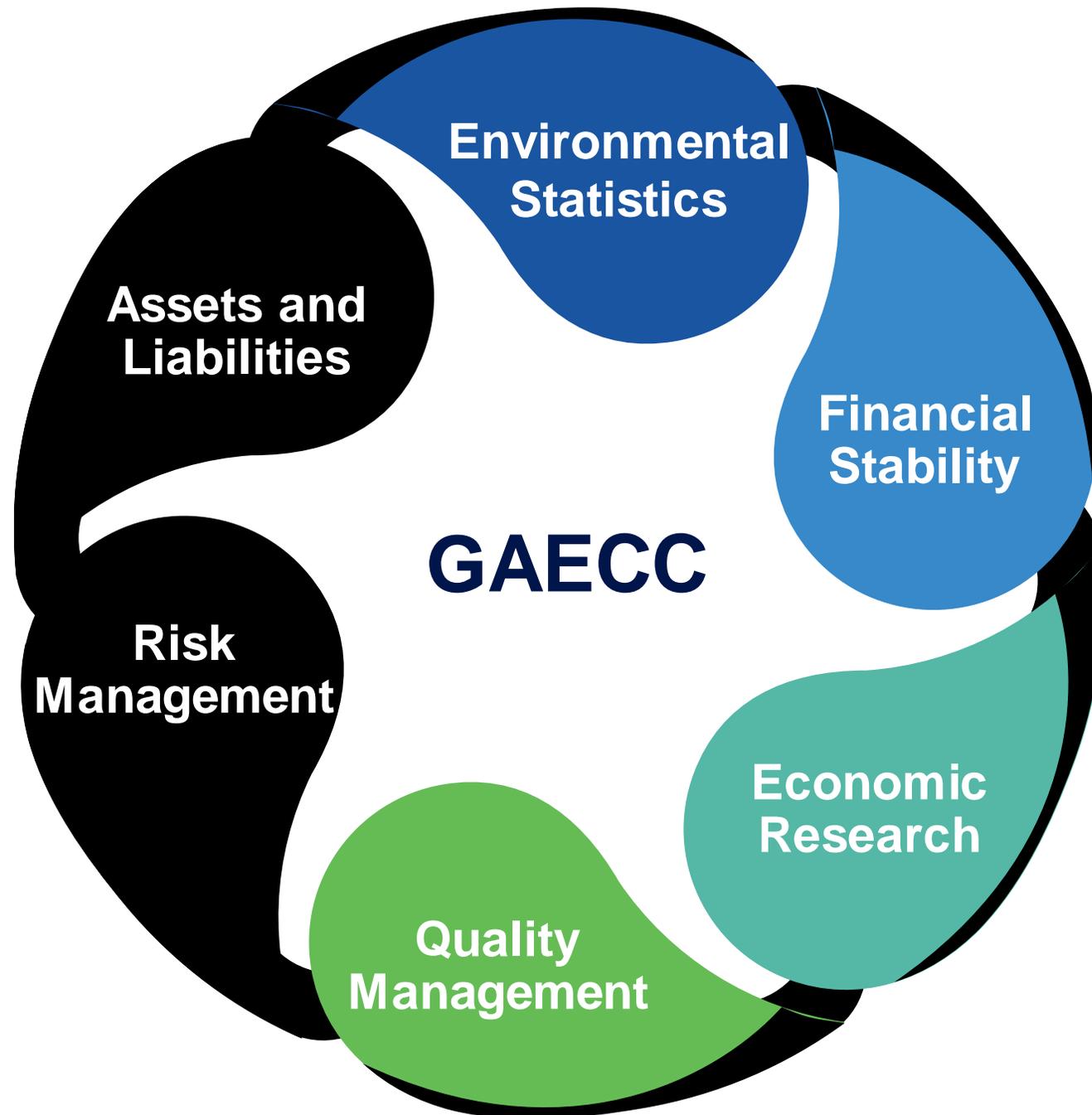
# **BCCR's experience in environmental accounting and advancements of the Climate Change Strategic Analysis Group**

**International Conference on Statistics for  
Sustainable Finance**

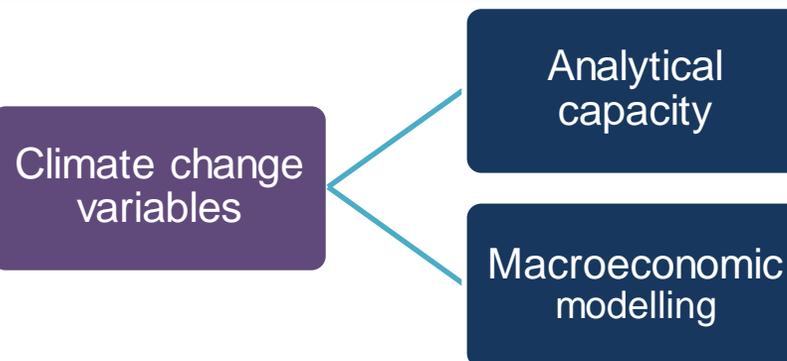
Tuesday, September 14<sup>th</sup>, 2021.



**Climate  
Change  
Strategic  
Analysis  
Group  
(GAECC)**



## Axis 1. Low and stable inflation with external stability



## Axis 2. Stability of the financial system



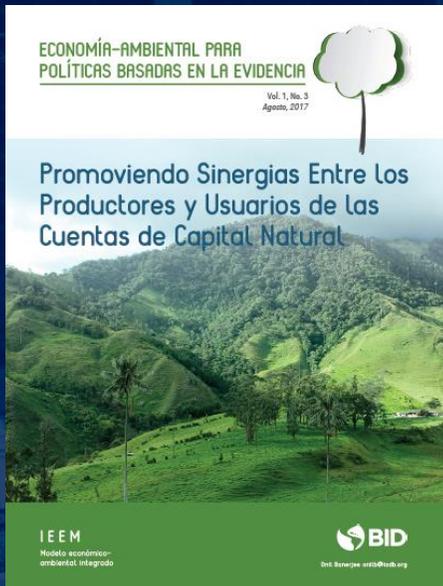
# Integrated Environmental Equilibrium Model for Costa Rica (IEEM-CR)

Dynamic recursive GEM that incorporates the environmental accounts.

Forward-looking analysis of public policies and understanding of the impact of decisions prior to their implementation.

Risk scenarios that consider environmental factors for macroeconomic projections.

Use of the platform to link national and environmental accounts to analyze feasibility of achieving environmental commitments.



## Some examples of the uses of IEEM-CR

### Estimates for the National Development and Public Investment Plan 2019-2022

Projection of CO<sub>2</sub> emissions associated with the use of energy for the period 2015-2030.

[\[Link\]](#)

### Energy substitution in transportation in Costa Rica: macroeconomic and environmental impacts

Alvarado-Quesada & Rodríguez-Zúñiga, 2019.

[\[Link\]](#)

### Macroeconomic effects of a reduction of the single fuel tax

Agüero-Morera, 2019.

[\[Link\]](#)

# Financial stability survey (February 2019)

## Aim

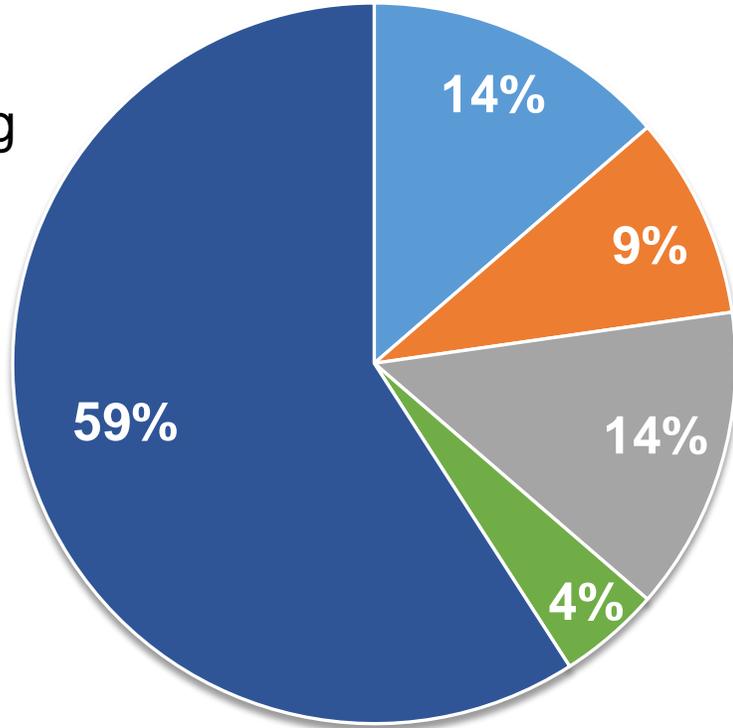
To identify the vision of financial entities about the soundness of the financial system, in the face of main macro-financial events and vulnerabilities they perceive.

## Assessment of the climate risk perception and management:

- i. Degree of relevance in which risks from climate change and extreme climate are perceived,
- ii. Exposure according to business lines and climatic zones,
- iii. Progress in risk management, and
- iv. Identification of opportunities for proper management.

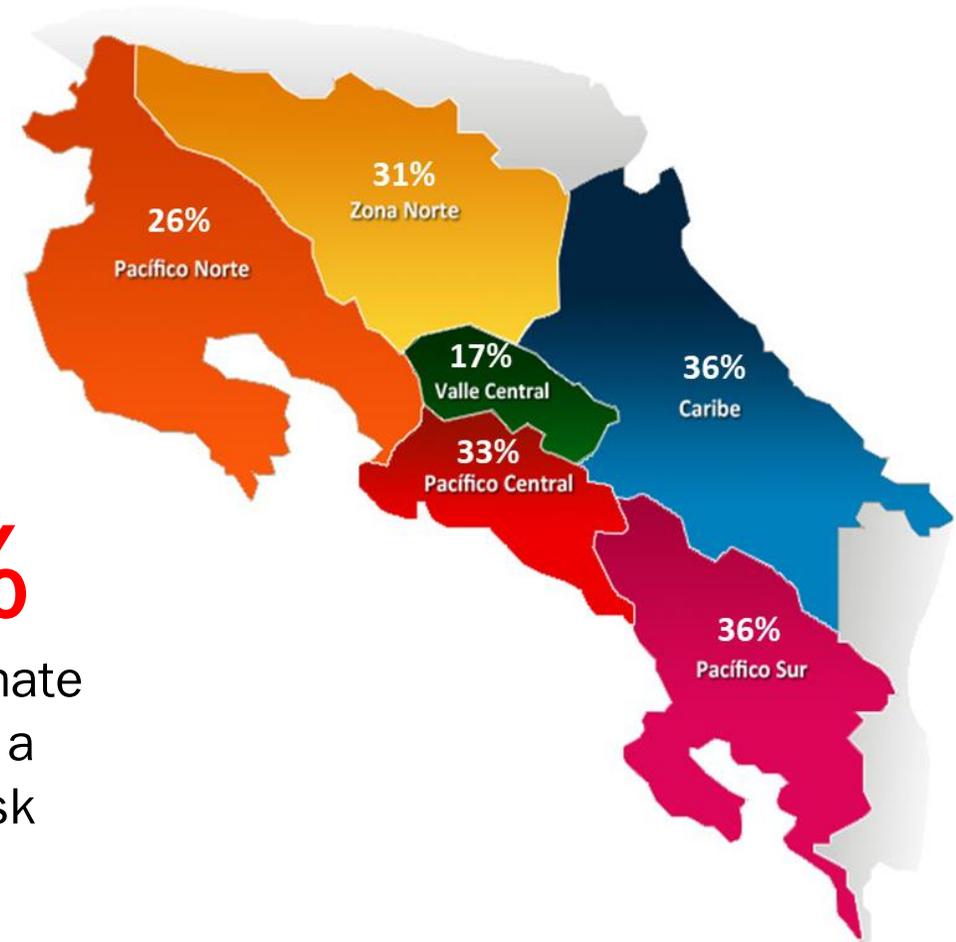
# Perception of climate change as a relevant risk

Who is perceiving this risk?



- Insurance companies
- Other entities
- Financial market
- Pension funds
- Deposit companies

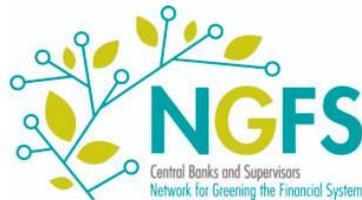
**52%**  
perceive climate change as a relevant risk



# Design of a strategy to green the international monetary reserves

The governor of BCCR requested to work on a proposal to green the reserves.

While preparing the proposal, BCCR has contacted different entities for assistance and advice: NGFS, BIS, WB, several central banks and portfolio managers.



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# Preliminary proposal presented to the board of directors: Impact strategy to green reserve management

## Aim

To generate a green and sustainable investment portfolio, without causing any prejudice to the current objectives of the Bank.

Investments in green bonds through the Green Bond Fund of BIS

Environmental “best-in-class” in BCCR’s portfolio

## Agreement with the IMF: Three-year extended fund facility

MEFP Action	Agreed date
<b>BCCR:</b> Development of a roadmap to integrate climate change considerations into the design of monetary and fiscal policy.	December 2021

# Climate change roadmap of BCCR – work areas



Data and information availability



Strengthening analytical capacity



Climate change risk management in the financial system



Greening of international reserves

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**Irene Alvarado-Quesada**

Climate Change Strategic Analysis Group  
(GAECC)