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Regional Workshop

Implementing Effective Regulation and Supervision of Climate-related Financial Risks

Riyadh, April 7 –10, 2025

How well prepared are banking supervisors in MENA countries to address climate-related financial risks? How can prudential regulation and supervisory practices be adjusted to effectively incorporate climate-related risks? What strategic approaches and data enhancements are needed to upgrade supervisory frameworks for climate risk? These were some of the questions that our workshop addressed.

This was METAC's first regional event taking place in Riyadh in the context of the new IMF-Saudi Arabia Capacity Development Partnership. 22 bank supervisors from Algeria, Egypt, Iraq, Jordan, Lebanon, Morocco, Oman, Qatar, Yemen, Tunisia, and Saudi Arabia attended.

The workshop explored the Basel Committee for Banking Supervision's principles related to climate risk oversight and regulation and strategic approaches to enhance supervisory frameworks for climate-related financial risks. It offered practical guidance on establishing effective supervision of these risks, while adhering to international standards. Examples from Brazil and the United Kingdom illustrated best practices in this area.

Participants shared their experiences with the regulation and supervision of climate-related financial risks, including initiatives that address a broader range of Environmental, Social, and Governance (ESG) risks and utilize policy tools that extend beyond traditional prudential supervision, including supervisory requirements for banks to address climate-related prudential concerns. Participants also highlighted their countries' efforts to define supervisory expectations for banking institutions as they respond to climate-related prudential challenges.

