

It is my great pleasure to welcome you all to the official opening ceremony of the Green Finance Conference in Malawi.

This is the **8th Edition of the Green Conference** that we (African Guarantee Fund) have been hosting across the continent in partnership with the Nordic Development Fund.

I begin by conveying my gratitude to the **Government of Malawi**, for their support and presence today.

The presence of the **Honorable Minister of Energy** is indeed proof that Sustainable Development is a priority for the Government of Malawi.

I also extend my sincere gratitude to the **Reserve Bank of Malawi** and the **Bankers' Association of Malawi** who are also well represented today.

Thank you very much **Ms. Nkungula** for your welcome remarks.

I am very glad to see **distinguished ambassadors** and **honorable consuls** representing the countries and institutions who are shareholders and sponsors of the African Guarantee Fund.

I acknowledge all the keynote speakers and panelists who will be steering today's discussions and thank them for finding time to share their knowledge, expertise and recommendations with us today.

I welcome all the representatives of the Financial Institutions present here today. Indeed, as the major lenders, Financial Institutions play a critical role in supporting Green SMEs to enable them drive a sustainable economic growth in Malawi.

Special mention to the **FDH Bank** and **NBM Development Bank** who are our partners and continue to support SMEs in Malawi through the guarantees and capacity development that we provide to them.

Honorable Ministers,

Ladies and Gentlemen,

This morning I would like to focus my remarks around green transition.

We have been talking about climate change and pollution for decades.

We had the first phase where the world leaders, the scholars, the media were trying to convince people, households, the businesses about climate change, about pollution, about the fact that some natural resources are becoming scarce.

They have been raising awareness for many years.

That phase is over.

We have started a new phase. This phase is called green transition.

The green transition is defining a new way of living, a new way of doing business, a new way of exchanging goods and services.

At the core of this green transition, we have the commercial banks, we have the financial institutions. AGF is part of the financial institutions.

One question come to our mind: Us in the financial sector, are we ready?

When discussing about our readiness, there are 3 areas that are critical: Capital, regulation and business.

1 – Capital

An increasing number of investors are looking to invest in new asset classes that are aligned to the green transition.

These investors are even willing to take a lower financial return but it has to be compensated with climate return and social return.

It is no longer just about maximizing the financial return but maximizing all returns together.

Some research shows that more than 100 trillion of green capital will flow in the world economy by 2050.

We are seeing more and more green bonds getting issued.

In 2014, the total volume of green bonds issued worldwide was 15 billion USD.

And in 2022, 600 billion USD.

Are our financial institutions ready to tap into this huge growing capital market where they can raise long term capital at a lower cost?

2 – Regulation

To mitigate the negative impacts of climate change, central banks, financial regulators and policymakers have started undertaking various initiatives. They are analyzing the climate challenges from a financial risk and stability point of view.

They are developing tools to monitor the climate-related financial risks on the banking sector. And these climate-related financial risks are becoming an important part of financial disclosures.

In western countries, central banks are discussing ways to ease capital requirements for green lending because of the fact that commercial banks can participate in reducing the climate risk.

So we expect to have in Africa, some regulatory changes related to climate risk.

Once again, are we ready?

3 – Business

SMEs are a key customer segment for commercial banks.

When we look at the products and services offered by the commercial banks; are these products and services in line with the green transition. If not, these banks will be left behind.

SMEs operate across all the sectors and transition is happening in all sectors.

a) Transportation sector – we are moving to electrical vehicle. Some countries are building special pathway for bikes.

That represent a huge business for SMEs: Manufacturers, assemblers, provider of batteries, repairs, maintenance, recycling of baterries.

b) Energy sector: We have an increasing number of SMEs involved in producing off-grid energy, storing energy, selling kits.

c) Water - water sanitation

d) Construction – eco building, reusable material

e) Foods / Agroindustry – efficient irrigation, efficient equipment, new seeds,

f) Waste management – the recycling business is one of the fastest growing industry.

g) Disaster management: More SMEs offering services to better manage disasters related to climate: floods or droughts.

Us, in the financial industry, we need to build appropriate products and services, appropriate skills to support SMEs engaged in the green transition.

With the support of the Nordic Development Fund, we launched the Green Guarantee Facility to de-risk the exposure of FIs embarking in this transitory journey.

As we are talking about transition, we will have many new activities, that will come with a new type of risk.

Our guarantee is to give more comfort to Financial Institutions as they develop their portfolio towards the green economy, to make sure that they meet the requirements of their investors, of the regulators and more importantly the risk quality of their SME customer.

In addition, the guarantee is coupled with a technical assistance component, because we believe that beyond the financial products that we provide, we need to build skills for SMEs as well as financial institutions.

We are also cognizant of the importance of public and private sector partnerships if we want to succeed. This is why at this Green Finance Conference we aim to stir discussions on possible synergies that will enable all of us achieve the goal of sustainable development.

As I end my remarks, Honorable Ministers, I assure of our willingness to work closely with the Government of Malawi to develop specific programs and products that will support SMEs to drive the economy of the country.

I wish all those who will be taking part in the 3-day Green Finance Training, insightful sessions that I believe will equip you with the knowledge and skill to review your products and initiatives to incorporate targeted support to green SMEs.

I also thank the Nordic Development Fund and all of our shareholders and sponsors for their continued support.

I leave you all with this proverb, **“Only when the last tree is cut down, the last fish eaten, and the last water stream poisoned, will we realise that we cannot eat money.”**

Thank you.