

BANKERS ASSOCIATION OF MALAWI (BAM)

Keynote Speech by

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During the

8TH EDITION GREEN FINANCE CONFERENCE

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The President Hotel, Umodzi Park

Lilongwe, Malawi.

Representatives from the Ministry of Finance and Economic Affairs,

Ministry of Energy,

Reserve Bank of Malawi (RBM),

Development Finance Institutions,

Chief Executives, Board Directors, Senior Executives and Heads of Departments of Commercial Banks present,

Green SME project owners,

Green Energy Experts,

Business Development Service Providers,

Members of the Press,

Distinguished guests,

Ladies and gentlemen,

Good Morning.

I am happy to have the opportunity to join you at this year's 8th edition Green Finance Conference which is considered as a key response to the challenges of climate change within the framework of Nationally Determined Contributions. The theme; *The Contribution of Africa's Private Sector to the Achievement of the 2015 Paris Climate Agreement* emphasizes the need for the private sector to take a leading role in dealing with issues concerning climate change.

Over the years, this event has been aiming at analyzing the possible opportunities and also propose necessary solutions to meet the financing needs of Green SMEs. This initiative targets to enable the Green SMES acquire advanced skills and technologies that

can easily mitigate the effects of climate change. Similar conferences have been held before in Zambia, Kenya, Ghana, Côte d'Ivoire, Senegal, Benin and Mozambique.

From the previous conferences, we have seen that SMEs have a critical role not just in job creation and economic development, but also in fighting climate change. It is estimated that Malawi has more than 1.6 million SMEs and more than 1.8 million people have found employment through them.

Because of their big contribution to job creation and economic development, transitioning these SMEs into a green economy must also mean helping them go green. Nevertheless, we need also to remember that transitions do not happen overnight. They need more time to take shape, and also need exceptional expertise and substantial investment. The unfortunate thing is that most of our SMEs do not have all these.

But looking at the stakeholders that are in attendance, I am very confident that by the end of this conference, latent solutions to issues of capital will be found and our SMEs will easily go green and become more sustainable.

Distinguished Guests,

The climate is changing, and it is changing at an alarming rate which scientists did not initially expect. In Malawi, we have had our devastating experiences through different cyclones and memories of Cyclone Freddy are still traumatizing those affected. So, the issue of green finance is more critical for developing countries, Malawi being one of them. The low physical and financial capacity for most of the developing countries seems to have increased the cost of capital. This is why there is an urgent need for a deliberate action to curb the situation.

As a matter of fact, the effects of climate change have seen the credit ratings of many developing countries deteriorate due to the increased climate risks that directly increase the cost of domestic and international capital, resulting in higher interest payments. This trend ought to be checked, and one of the ways in which this can be handled is by addressing the challenges being faced by the SMEs.

From the look of things, these challenges are inherent in the lack of financial and organizational resources devoted to climate change, limited capacity for innovation in the face of climate change, and lack of access to cleaner technologies. We need to invest more in innovative activities which will help us mitigate the negative effects of climate change. We need to see firms developing new products, services, and technologies that have lower carbon emissions and greater sustainability.

But for us to achieve all this, it requires an active and collective participation of the private sector, particularly Small and Medium Enterprises (SMEs), African Guarantee Fund, The Nordic Development Fund, and our financial institutions. These are considered as key stakeholders that are very instrumental in achieving the desired goal.

Let me thank the Government of Malawi for creating an enabling framework for climate change management through various strategies and Plans: among others The Environment Management Act and A National Climate Change Management Policy (2016). As a country we have a duty', to explore ways to ensure public and private finance is used to back the transition to a sustainable and resilient future for all and that we have activities that have been created to ensure a better environmental outcome.

I thank you for your attention.

Wishing you a successful conference and training.

Good day!