



CENTRAL BANK OF KENYA

Africa Climate Business Forum

Closing Remarks by Dr. Kamau Thugge, CBS

Governor, Central Bank of Kenya

Thursday, November 2, 2023

Kempinski Hotel

Nairobi, Kenya

As Prepared for Delivery (892 words)

Fellow Governors and Deputy Governors of central banks herepresent;

Ms. Mary Porter Peschka, Regional Director for Eastern Africa, International Finance Corporation (IFC);

Mr. Jamie Fergusson, Global Director, Climate Business, IFC;

Distinguished Guests;

Ladies and Gentlemen:

Good Afternoon! I am pleased to join you this afternoon at the close of the Africa Climate Business Forum (ACBF) (the Forum). Let me at the outset appreciate our co-hosts, the International Finance Corporation (IFC) for their efforts to make ACBF a reality. I am also grateful to all the participants who have over the last one and half days engaged fully during the Forum. Together, we have:

- Identified opportunities and solutions for greening private sector businesses and supporting Africa's green transition.
- Facilitated direct business linkages that stimulate investment around Africa's climate adaptation and green transition across Africa.
- Provided a platform for sustainable investment promotion activities that enables all participants to contribute to the scaling of climate finance across Africa.

The timing of the ACBF is apt coming after the ground breaking Africa Climate Summit (ACS) held in Nairobi from 4th to 6th September 2023. The African Leaders Nairobi Declaration on Climate Change and Call To Action (the Declaration) emanating from the ACS will indeed inform Africa's position at the upcoming COP 28 in Dubai, United Arab Emirates.

There are two calls for action in the Declaration that I find quite pertinent for the ACBF:

- “ Reiterate the decision 1/COP27 that states that global transformation to a low-carbon economy is expected to require investment of at least USD4-6 trillion per year and delivering such financing in turn requires a transformation of the financial system and its structures and processes, engaging governments, central banks, commercial banks, institutional investors and other financial actors.”
- “ We call for collective global action to mobilise the necessary capital for both development and climate action, echoing the statement of the Paris Pact for People and the Planet, that no country should ever have to choose between development aspirations and climate action.”

Climate change continues to ravage the World, with the highest average global temperatures in the month of September recorded in September this year. Average surface temperature reached 16.38°C, or 0.5°C above the previous record in September 2020¹. The United Nations Secretary General, Mr. Antonio Gutteres earlier this year aptly captured the existential threat of climate change noting that “*the era of global warming has ended; the era of global boiling has arrived.*” More than ever before, the urgency of climate action cannot be overemphasized.

While we need to scale up climate financing, it is also imperative that the players in the real economy be part of the conversation. The transition to a green low carbon and climate resilient economy presents opportunities not just for corporates but also Micro, Small and Medium Enterprises (MSMEs) and households. Accordingly, I note the diverse mix of participants here today from various sectors including manufacturing, agriculture, real estate, finance, capital markets and tourism. This cross-sectoral mix of participants has enriched our discussions during the Forum.

On its part, the Central Bank of Kenya (CBK) is committed to the *greening of the Kenyan financial sector*. Towards this end, CBK issued Guidance on Climate-Related Risk Management (the Guidance) in October 2021, to commercial banks. The Guidance was intended to facilitate banks in incorporating climate-risk related considerations in their governance, strategy, risk management and disclosures frameworks. Considerable progress has been made by banks in implementing the Guidance, but more remains to be done.

To consolidate the Guidance and enhance Kenya’s attractiveness as a green finance hub, we have embarked on a second phase of reforms. We are developing a green finance taxonomy that will identify activities, investments and projects that are considered green. This will be supported by a disclosure framework for banks that will be aligned to international standards including the recently issued standards by the International Sustainability Standards Board (ISSB). We believe these reforms will spur transparency in green finance and attract domestic, regional and international investors to support Kenya’s transition to being a green low carbon economy.

¹ European Union’s Copernicus Climate Change Service (C3S)

On the global front, CBK joined the Network of Greening Financial Systems (NGFS) in April 2022. NGFS is a network of over 100 central banks and financial supervisors. The Network's purpose is to strengthen the global response required to meet the goals of the Paris Agreement and to enhance the role of the financial system to manage risks and to mobilize capital for green and low-carbon investments in the broader context of environmentally sustainable development².

Given the global nature of climate change, CBK will continue working with other stakeholders, nationally, regionally and internationally. I am therefore particularly pleased that representatives of some of our sister central banks from the region have participated in this Forum. Our collective efforts as central banks will support Africa's vision of being a *vital component of the global solution to climate change* as articulated in the ACS.

As I draw to a close, I trust that building on the ACS and the Forum, Africa's position at COP 28 will be stronger than ever before. It is therefore imperative that we implement the commitments we have made to secure Africa's future. Once again, my gratitude goes to our co-host IFC and all of you for your active participation.

It is now my distinct pleasure to declare the Africa Climate Business Forum officially closed.

Thank You!

² <https://www.ngfs.net/en/about-us/governance/origin-and-purpose>