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**Press conference for the presentation of the financial sector's  
roadmap for contributing to sustainable development and the  
fight against climate change**

**Opening remarks of Mr. Abdellatif Jouahri  
Governor of Bank Al-Maghrib**

**Marrakech, November 14, 2016**



**Honorable Minister of Economy and Finance,  
Honorable President of the Economic, Social and Environmental  
Council,  
Honorable heads of financial sector regulatory authorities,  
Honorable presidents of professional associations,  
Ladies and gentlemen,**

It is a real pleasure for me today to present to you the financial sector's roadmap for contributing to sustainable development and to the fight against climate change. This roadmap is the outcome of the collaboration of all industry regulators and professionals, on behalf of whom I am speaking to you today, namely:

- The Ministry of Economy and Finance;
- The Moroccan Capital Market Authority;
- The Supervisory Authority of Insurance and Social Welfare;
- Casablanca Finance City Authority;
- Casablanca Stock Exchange;
- The Moroccan Bankers' Association; and
- The Moroccan Federation of Insurance and Reinsurance Companies.

This roadmap, developed in coordination with the COP 22 Scientific Commission, is in line with the commitments made by Morocco under the historic Paris Agreement, whose implementation process, including its funding component, will be initiated at this 22<sup>nd</sup> meeting of the Conference of the Parties.

Morocco was among the first countries to have presented its Intended Nationally Determined Contribution which targets a 42 percent reduction in greenhouse gas emissions by 2030. This requires an overall budget estimated at US\$50 billion, of which \$35 billion remain conditional on access to new external sources of funding.

The fulfillment of this commitment requires the strong involvement of all Moroccan stakeholders, first of all the financial sector as a whole, which has to contribute to and support the transition towards a more responsible and sustainable economy.



Moroccan banking and financial institutions have been sensitive to this issue for some time now. Actually, the Moroccan banking sector has always supported the Kingdom's various sectoral programs aimed at strengthening its energy independence while reducing its environmental impact. Banks are thus significantly contributing to the financing of renewable energy programs, which are expected to meet 52 percent of the country's needs by 2030.

Some banks have also developed specific products to support corporations engaged in sustainable development. Others have set up investment funds dedicated to socially responsible corporations and those engaged in energy efficiency.

Since 2011, the insurance sector has also offered "multi-risk climate" insurance, which currently covers one million hectares.

Financial sector regulators are not left behind. Bank Al-Maghrib has started for more than a decade a program aimed at aligning its processes and management practices with the highest standards of quality and social and environmental responsibility. It is in recognition of these efforts that IFC has invited it to join the "Sustainable Banking Network", established in 2012 to help regulators in emerging countries develop "responsible lending" policies and environmental and social risk management guidelines.

Capitalizing on all these initiatives, the Moroccan financial sector works towards the emergence of an inclusive financial model aligned with the challenges of sustainable development so as to enable Morocco to meet the challenge of its transition to a responsible and low-carbon economy. This ambition is both national and African.

In its Moroccan component, the roadmap features five major axes that constitute our commitments to show the sector's firm determination to support our country's contribution to the global action in the fight against climate change.



## **Axis 1: Developing sustainable financial instruments and products**

Banks, insurance companies and other actors in the capital market are committed to mobilizing diversified and stable green resources in order to support sustainable development projects, which have, by definition, a medium and long-term horizon.

In addition to drawing on the available international financing lines, it is a matter of contributing to the creation and development of a green capital market, notably through the creation of ad-hoc investment vehicles and the issuance of Green Bonds, the first guide of which was prepared by the Moroccan Capital Market Authority which will make a presentation on the issue next Wednesday. The first two green bond issuances were announced in recent days, the first one by the Moroccan Agency for Solar Energy (MASEN) and the second one by BMCE Bank of Africa, for a total amount of around US\$170 million<sup>1</sup>.

It is also imperative to urge the population to join the movement by making available to them green saving products both at the level of banks, in particular a green passbook savings account which would mobilize small saving, as well as at the level of insurance companies, with pension savings products whose premiums would be invested in green assets.

Banks also work to enhance and expand their range of financing facilities allocated to sustainable development projects. With the enactment of the new law on disaster risks, insurance companies have undertaken to develop insurance solutions better tailored to environmental and climate risks.

Bank Al-Maghrib will set up, if need be, refinancing instruments for bank loans directed to sustainable development projects, particularly for VSMEs.

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<sup>1</sup>Masen for 1.150 million dirhams and BMCE for 500 million dirhams.



## **Axis 2: Extending risk-based governance to socio-environmental risks**

At this level, financial sector regulators must ensure that the green/sustainable resources mobilized are effectively allocated to eligible projects/assets.

This requires our financial institutions to put in place, through a risk map, an environmental, social and governance risk management system able to identify risks and measure the environmental impact of the funded projects and to follow up the remedial actions to be implemented by their holders.

This risk mapping will help project holders adopt a socially and environmentally responsible approach and give investors better visibility on the risks incurred.

In addition, it is also capital for banks, insurance companies, listed issuers and asset management companies to quantify their own carbon footprint as well as that resulting from their assets portfolios and start reducing them through a risk management policy and more responsible practices and investments.

In this context, it would be desirable at the international level that the Basel Committee and other standardizing bodies consider accommodations in their respective prudential rules in order to support this momentum in favor of financing energy efficient corporations and green assets investment.

## **Axis 3: Promoting financial inclusion as a vehicle for sustainable development**

Considering the importance of inclusive finance for achieving a sustainable economic growth, we reiterate our commitment to offering all categories of population, men and women, young people and businesses, better conditions of access to sustainable, innovative, quality and affordable financial products and services, to suit their needs and their income-generating activities. In this regard, we will



capitalize on the support of the Alliance for Financial Inclusion (AFI) which our country joined in 2010.

### **Axes 4 and 5: Capacity-building in sustainable finance, and transparency and market discipline**

As advisors, financial institutions shall raise the awareness of economic operators concerning environmental, social and sustainability concerns. To this end, these institutions pledged, under axes 4 and 5 of the roadmap, to show exemplarity by promoting the emergence of a genuine internal culture of environmental and social risks and by ensuring regular communication on the measures taken in this regard.

The Casablanca Stock Exchange intends to set up, in the very short term, an ESG “Environmental, Social and Governance” responsibility index that will integrate listed companies ranked highest in the rating of Vigeo Eiris agency.

These requirements require efforts to increase the awareness of the financial sector’s management and operational staff about sustainable development issues in the accomplishment of their mission.

### **African dimension**

In line with Morocco’s reaffirmed commitment to promote South-South regional cooperation, the Moroccan financial community will contribute, alongside the African financial players, to the emergence of a green finance in the continent.

As financial market regulators, we are also committed to developing exchanges and sharing experiences with our African counterparts in the field of sustainable development.

A first initiative will be launched at the COP 22 in the coming days by the Moroccan Capital Market Authority, in collaboration with the Casablanca Stock Exchange, with a view to gathering African regulators and stock markets to commit to developing green capital markets in Africa.



Bank Al-Maghrib intended to gather, in collaboration with the United Nations Environment Programme, North and South central banks to discuss the issue of sustainable development. This meeting could not be held for scheduling constraints. However, and within the framework of the Moroccan presidency of COP22, we intend to organize a forum that will host several central banks from the North and the South, for the purpose of laying the foundations for a genuine initiative for the emergence of sustainable finance.

On the other hand, the Casablanca Finance City (CFC) aims to become a pan-African “climate finance” hub in order to contribute to the mobilization of the resources necessary to support the fight against climate change in Africa.

This will, indeed, require the establishment of a framework dedicated for “green” investment funds based on incentive conditions, like “Africa50 Fund”.

CFC is also committed to encouraging the emergence of a research, expertise and know-how center in terms of climate finance for Africa.

It will focus on the “African Forum for Responsible Investment” initiative, which will aim to promote socially responsible investment in Africa.

Still at the level of Africa, I would like to announce that Bank Al-Maghrib, on the occasion of COP 22, has invested in the World Bank green bonds for an amount of \$100 million. This issuance will be dedicated to financing sustainable development projects, especially in African countries.

**Ladies and gentlemen,**

I have tried to make use of the time afforded to me to identify the essential components of the Moroccan financial sector’s roadmap in favor of sustainable development and the fight against climate change. The details of this roadmap are available in the kit that was distributed to you.



In all commitments, the key element is their implementation and follow-up. Here we make a commitment through the Financial Sector Coordination and Systemic Risk Oversight Committee, of which Bank Al-Maghrib ensures the coordination, to scrupulously ensure an annual progress report to make sure that every regulator has made its contribution in accordance with its commitments.