



**International Conference**  
**on**

**«Green Inclusive Finance»**

**Introductory Speech of Mr Abdellatif Jouahri**  
**Governor of Bank Al-Maghrib**  
**October 30, 2019**



**Ladies and gentlemen,  
Honourable guests,  
Dear friends and colleagues,**

I am pleased to welcome you in Rabat on the occasion of the conference we are co-organizing with the Alliance for Financial Inclusion (AFI).

First of all, I would like to thank our partners, AFI and the Network of Central Banks and Supervisors for Greening the Financial System (NGFS), for their valuable contribution to the organization of this event in Morocco.

I would like also to thank all the participants and speakers who made the trip to take part in this conference. It gives me real pleasure to see all the continents represented here today by about 40 countries.

This conference was preceded by a 2-day seminar for AFI members on inclusive green finance, which benefited around 50 participants.

Our conference today is part of Bank Al-Maghrib's agenda to celebrate its 60th anniversary and occurs just weeks ahead of the 25th Climate Change Conference (COP25) to be held this year in Chile.

Recently, on a "Financing for Sustainable Development" Report, the United Nations, the IMF, and other international institutions insisted on the urgency of aligning national and international financial systems with sustainable development issues. Otherwise, commitments to fight climate change and eradicate poverty by 2030 cannot be met.

Aware of the challenges of climate change and the benefits of financial inclusion as a key for economic efficiency and social equity, the AFI joined the international organizations and included this issue among its orientations.



**Ladies and gentlemen,**

This conference is a bridge between two of the most pressing challenges facing emerging and developing countries, namely financial inclusion and climate change.

Global warming is unequivocal and unprecedented. It is now established that our planet and its ecosystems will suffer irreversible consequences if measures are not quickly taken to narrow the warming level below the threshold agreed in the Paris Agreement.

It is also recognized that this global warming threatens populations that are already weakened by poverty, have limited access to water and electricity, and suffer from financial exclusion.

This threat is even greater for the African continent, more vulnerable to the climate change effects and records one of the lowest rates of financial inclusion in the world, with an estimated average of around 40 percent, according to the latest Global Findex.

**Ladies and gentlemen,**

The risks of climate change, whether physical, due to extreme weather events, or transitional, induced by the shift to low-carbon economic models, are complex to understand and assess.

This complexity is accentuated amid the absence of a common language or taxonomy to distinguish between green and brown assets as well as a lack of sufficient granular data and tools to assess these risks, the nature of which is certain but whose scope and impacts on the financial sector remain poorly defined.



Understanding the issue of climate change from the angle of central banks and supervisors involves understanding the structural changes that will affect the financial system and the economy in general. This will challenge us conducting our fundamental missions, either with regard to price stability, financial stability, or financial inclusion.

In this respect, it is essential to strengthen our capacities in this field and our cooperation and knowledge sharing at the national, regional, and international levels.

In this regard, the NGFS, created in December 2017 by eight central banks at the "One Planet Summit" held in Paris, is an initiative that I particularly salute.

Designed as a platform for exchange among peers on a global scale, this network, which Bank Al-Maghrib joined very early, aims to facilitate the financial sector's contribution to achieving the Paris Agreement and to ensure that the financial community develops appropriate risk management practices related to the climate and environment.

Since the NGFS' inception, the momentum of joining this network has been accelerating, reflecting a growing awareness among financial authorities to take urgent action. Currently, the network has 46 members voluntarily committed to support and accompany green finance. This network has also raised interest of international standard-setting bodies, particularly the Basel Committee, which has the joined network recently, besides other organizations that have expressed their willingness to follow suit.

Bank Al-Maghrib seized this opportunity to stimulate dialogue with the government and other regulators at the national level. It also worked with its counterparts in African countries to build the outlines of active cooperation on green finance and climate resilience.



I am pleased to see that some of the African central banks that we had approached expressed their willingness to join in. We also count on the presence of Moroccan financial institutions in 27 African countries for the deployment of convergent green monetary policies at the continental level.

**Ladies and gentlemen,**

In Morocco, initiatives for the greening of the financial system had been initially scattered and adopted by single institutions before being federated through the adoption of a national road map engaging the public and private entities concerned three years ago on the occasion of Cop 22, held in Marrakech.

Among the main achievements that followed, I will mention:

- the banking sector developed some green financing offers, most of which are backed by bilateral and multilateral financing lines,
- the first green bonds were issued, and
- the Casablanca Stock Exchange established a reference index measuring the performance of responsible companies with regard to environmental issues, social responsibility, and good governance.

To speed up integration of climate issues by the banking sector, Bank Al-Maghrib is currently working on a regulatory directive setting out our expectations in this regard as a regulator. We are also preparing to conduct a national study on climate risks in Morocco in cooperation with our partners concerned, along with support from international experts.

That being so, we are still at the beginning of a long process, and the road ahead to start making significant progress in the transition towards a more resilient and low carbon economy is still very long.



This year, Morocco has adopted the National Climate Plan 2030, which is aimed at ensuring the adaptability of the most affected sectors, notably water, agriculture, and fisheries, as well as the mitigation of greenhouse gas emission effects caused mainly by the sectors of power generation, transport and agriculture.

The implementation of this plan requires considerable investments that call for sharing funding and risks between the public and private sectors as well as national and international donors. Besides resorting to the state, such a plan also requires an adapted tax system, guarantee products, and innovative financing instruments, such as green funds and public-private partnerships.

### **Ladies and gentlemen,**

Nowadays, a finance that is both green and inclusive has proved its value, and has become even existential.

Based on this, members of the AFI in 2017 concluded the Sharm El Sheikh Accord on Financial Inclusion, Climate Change, and Green Finance, which was converted into an action plan for financial inclusion the following year.

Regarding this subject, allow me to share with you some initiatives adopted in Morocco that combine green finance and financial inclusion.

These initiatives are part of a broader policy of financial inclusion that Bank Al-Maghrib has been pursuing for fifteen years in coordination with the parties concerned.

This policy was based on developing adapted financial products, increasing access points, setting up financial information infrastructures, improving the



relationship between banks and customers, and promoting financial education among target populations.

In this spirit, the recent start of Shariaa-compliant finance and mobile payments has broadened the product offering and should help include a previously untapped clientele.

To boost and unite further efforts in this field, a National Financial Inclusion Strategy was finalized and adopted in early 2019. The strategy plans to accelerate the implementation of numerous reforms related to digital financial services, microfinance, inclusive insurance, and collaborative funding, among others, and mostly targeting youth, women, and the rural world.

This strategy has naturally led to the development of the first financial solutions with a green dimension targeting small farmers and SMEs.

This includes establishing a state-backed financing offer dedicated to small and medium-sized agriculture firms that have no access to bank credit due to their economic vulnerability. One of the objectives of this offer is to enable this category, representing 70 percent of the Moroccan agriculture sector, to adopt agricultural practices which are resilient to climate change.

An insurance offer has also been put in place to cover farmers' losses arising from climate-related incidents. More broadly, a solidarity fund against catastrophic events is in being made operational to compensate victims of natural disasters. In addition to financial support from the state, the fund should be supported by a dedicated para-fiscal tax.

Concerning SMEs, the public credit guarantee institution recently integrated a green dimension into its offer by adopting an incentive system to improve its conditions for intervening for loans granted to companies operating in



the green economy. It has also developed a financing offer targeting green projects.

These initiatives, which are still limited in scope, need to be strengthened and complemented by other mechanisms to respond to the enormous needs.

In this respect, Microfinance has a decisive role to play in orienting clients, micro-enterprises and very small enterprises towards resilient projects and in financing them.

Digitalization is another opportunity to encourage low-cost financial inclusion, contributing to populations' resilience in the face of climate change, among other issues. However, care must be taken to ensure that the underlying infrastructure draws the needed energy from clean sources.

I would also like to stress the importance of strengthening and broadening the scope of financial education programs to raise awareness on a large scale and promote responsible and resilient behaviour concerning climate and environmental challenges as well as the challenges of financial inclusion.

Being aware of this necessity, Bank Al-Maghrib established the Foundation for Financial Education in 2013, now implementing its second strategic plan, through which trainers' training shall contribute effectively to achieving this objective.

**Ladies and gentlemen,**

The program of this conference will certainly allow a wide exchange of experiences.





Presentations from high-calibre panellists will shed light on the issues we face, enrich debates, and provide appropriate answers.

I am confident that this conference will be crowned with success and wish you a pleasant stay at our country.