



CENTRAL BANK OF LESOTHO  
BANKA E KHOLO EA LESOTHO

# Inclusive Green Finance Capacity Building and Planning Workshop



9 - 10 JUNE 2026

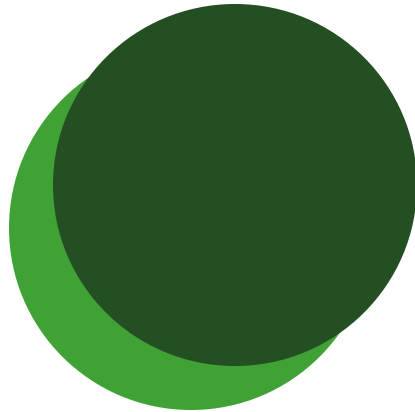


09:00 AM - 16:00 HRS

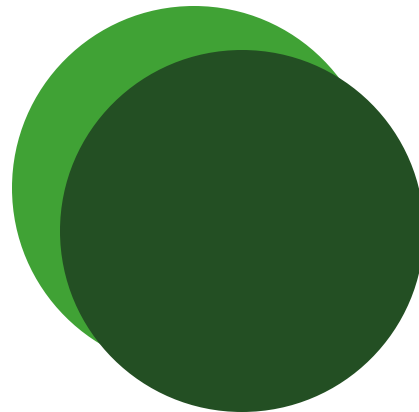


LEHAKOE RECREATION &  
CULTURAL CENTRE

# Masters of Ceremony



Fumane Jonathan  
*Central Bank of  
Lesotho*



Moroke Moroke  
*Central Bank of  
Lesotho*

# HOUSEKEEPING



**Mute your mobile:** or turn them to vibrate. If you have to take an emergency call, please leave the room.



**Raise your hand:** when you would like to contribute or ask any questions.

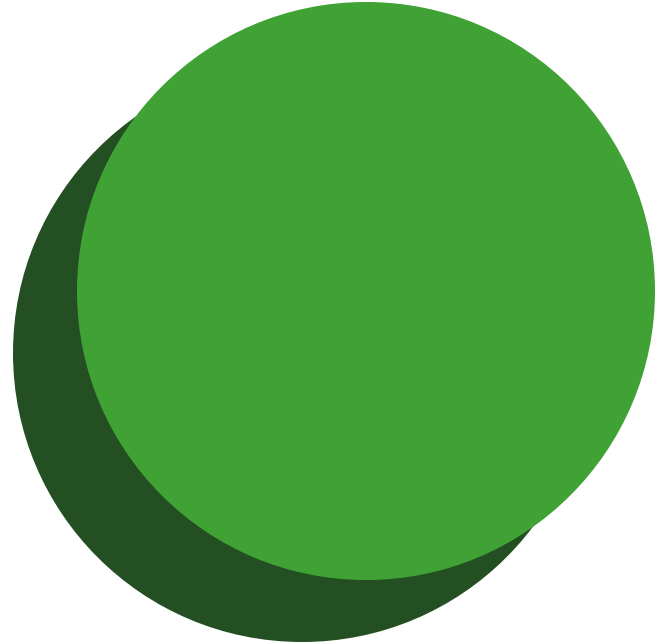


**Use the microphone:** when you would like to contribute or ask any questions.

# WELCOME AND RECAP

**Thabiso Moshoeshe**

Head, Non-Bank Supervision  
*Central Bank of Lesotho*



# SESSION 7: ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT GUIDELINES



**Jeanet Moling**  
Policy Specialist, AFI



**Martin Gitu**  
Manager, Bank Supervision  
*Central Bank of Kenya*



**Kabinda Kawesha**  
Manager, Financial  
Sector Development  
*Bank of Zambia*



**Maria Luisa Grispos**  
Technical Assistant,  
Financial Inclusion Office  
*Banco de Mocambique*

# SESSION 7: ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT GUIDELINES

**Martin Gitu**

Manager, Bank Supervision  
*Central Bank of Kenya*





**Central Bank of Kenya**

**CENTRAL BANK OF KENYA – JOURNEY ON INCLUSIVE GREEN  
FINANCE – THE KENYAN EXPERIENCE**

**PRESENTED AT**

**ALLIANCE FOR FINANCIAL INCLUSION – INCLUSIVE GREEN  
FINANCE CAPACITY BUILDING WORKSHOP FOR CENTRAL  
BANK OF LESOTHO**

---

**PRESENTER: MARTIN GITU**

**CENTRAL BANK OF KENYA**

---

**June 9 – 10, 2026**

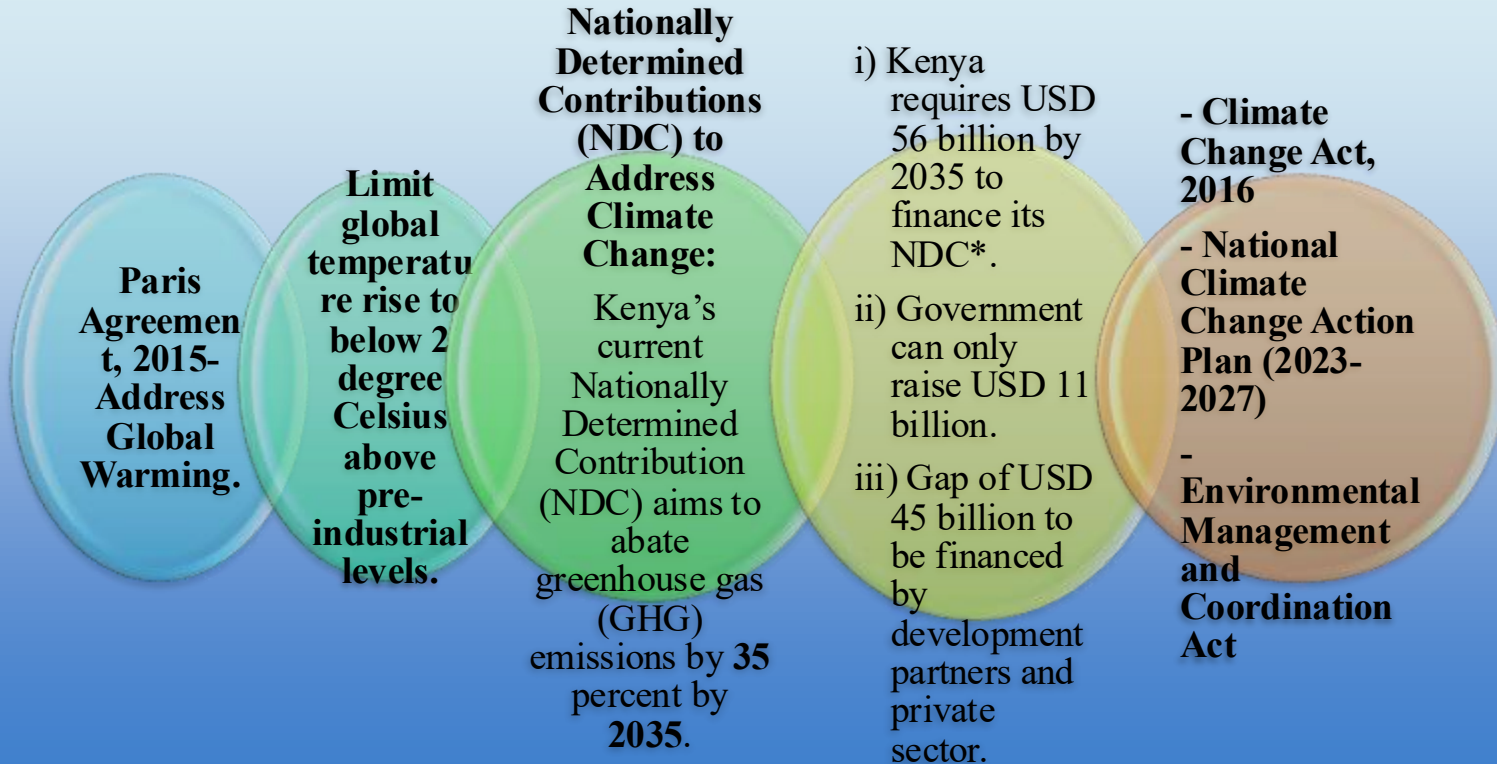
- 1. Key Highlights**
- 2. Overview: Climate Change Trends and Green Finance - Kenya's Perspective.**
- 3. Green Finance Mechanisms and Inclusive Finance – Adaptation and Mitigation**
- 4. CBK's Financial Sector Sustainability / Green Finance Initiatives.**
- 5. CBK Guidance on Green Finance: Climate - Related Risk Management.**
- 6. Challenges and Concerns.**
- 7. Recent CBK Reforms**
- 8. CBK Guidance on Green Finance: Kenya Green Finance Taxonomy.**
- 9. Integration of Inclusive Green Finance: Regulatory Options for African Financial Regulators.**



## 2. Overview: Climate Change Trends and Green Finance- Kenya's Perspective

- Extreme climatic events pose significant risks globally,
- Globally, weather patterns becoming increasingly irregular
- In Kenya socio-economic losses attributable to erratic weather patterns estimated at 3 percent – 5 percent of GDP annually).
- Prolonged droughts, floods and other phenomena (*Wildfires, landslides, heatwaves, rise in sea levels* have led to the loss of human lives, businesses, properties etc.
- Governments authorities worldwide, including the Kenyan Government, addressing the risks posed by climate change on social inclusion and poverty reduction, as well risks posed to the financial system as a whole.
- Addressing these challenges variously, including via policy development on green finance - renewal energy developments, climate smart agriculture, reforestation, etc.
- Promotion of Inclusive Green Finance is a key pillar under both Kenya's National Financial Inclusion Strategy (2025-28) and CBK's current Strategic Plan (2024-27).

## 2. Overview: Climate Change Trends - Kenya's Perspective



\* - [https://unfccc.int/sites/default/files/2025-](https://unfccc.int/sites/default/files/2025-05/KENYAS%20SECOND%20NATIONALLY%20DETERMINED%20CONTRIBUTION%202031_2035.pdf)

[05/KENYAS%20SECOND%20NATIONALLY%20DETERMINED%20CONTRIBUTION%202031\\_2035.pdf](https://unfccc.int/sites/default/files/2025-05/KENYAS%20SECOND%20NATIONALLY%20DETERMINED%20CONTRIBUTION%202031_2035.pdf)

## Green Finance Mechanisms and Inclusive Finance – Kenya’s

### 3. Adaptation and Mitigation

- Adaptation to environmental change and climate resilience – financial sector actions:
  - Implementation of facilitative regulatory policies to promote resilience-supporting digital service offerings targeting vulnerable population segments – particularly women, low-income segments, small-scale farmers and MSMEs.
  - Launch of risk management schemes targeting MSMEs – for example, the Kenya Credit Guarantee Scheme (2020) – providing partial risk coverage on MSME credit exposures.
  - Awareness-raising and capacity building measures on inclusive finance for financial institutions and the general public to encourage uptake of green finance.
  - Launch of the Kenya Green Finance Taxonomy – to guide implementation of green finance
  - Portfolio Diversification: Set green lending targets to promote sustainable
  - products.
  - Launch of Carbon Trading Framework: Regulatory guidelines for operational carbon markets.
  - Launch of the Green Bond Programme Kenya (GBPK) - Kenya’s first green bond issuance of \$41million issued.

## Green Finance Mechanisms and Inclusive Finance – Kenya's 3. Adaptation and Mitigation

- Mitigation measures for environmental change and climate resilience – financial sector actions:
  - Awareness-raising and capacity building measures on inclusive finance  
Development and issuance of guidance on climate risk management, incorporating environmental and social risks.

#### 4. Kenya's Financial Sector Sustainability / Green Finance Initiatives

In 2013, CBK introduced the **Internal Capital Adequacy Assessment Process (ICAAP)** for the banking sector – under the Basel II Capital framework.

In 2015, the Kenya Bankers Association (KBA) launched the **Sustainability Finance Initiative (SFI)**. Currently, all banks are participating and over 40,000 bankers have so far been enrolled for the e-learning training modules.

In 2017, the **Kenya Green Bond Programme** was launched to promote financial sector innovation by developing a domestic green bond market.

In 2019, CBK issued the **Kenya Banking Sector Charter** whose objective is to promote a sector that *works for and with the Kenyans*. The Charter has four pillars – *customer centricity, risk-based credit pricing, transparency, and ethical banking*.

In November 2020, Kenya's largest bank, KCB Bank, was accredited by the **United Nations Green Climate Fund (GCF)** as the first financial intermediary for the implementation of green financing in East Africa.

#### 4. Kenya's Financial Sector Sustainability / Green Finance Initiatives

- In October 2021, CBK issued **Guidance on Climate-Related Risk Management** to banks. *Issuance of the Guidance was also part of CBK's contribution to the 26<sup>th</sup> UN Climate Change COP26, Glasgow (UK), 2021.*
- In 2022, CBK joined the **Network for Greening the Financial System (NGFS)** to cooperate with other central banks on climate action.
- In September 2023, Kenya Bankers Association (KBA) launched a "Climate-Related Risk Financial Disclosures Reporting Template".
- In April 2025, CBK issued the **Kenya Green Finance Taxonomy** to the banking sector for an initial transitional period of 18 months .
- In April 2025, CBK issued the **Climate Risk Disclosure Framework** to the banking sector for an initial transitional period of 18 months.

## 5.

# CBK Guidance on Green Finance: Guidance on Climate-Related Risk Management

### **Purpose:**

To guide institutions on how to integrate the climate-related risks into overall risk management frameworks.

Sets out CBK expectations on institutions - consider climate-related risks when formulating and implementing business strategy, governance and risk management frameworks, including on green finance

Promote transparency in the assessment and mitigation of climate-related risks – and their impact on green finance implementation - by setting out reporting and disclosure requirements.

## 5. Implementation of the Guidance

- Sensitization of the banks CEOs/MDs.
- Commercial banks staff sensitization on climate change risk management, and application to Green Finance.
- Submission of board approved implementation plans.
- Quarterly updates on implementation of board approved plans.
- Disclosures of climate-related information to enhance transparency benchmarked to Task Force on Climate-related Financial Disclosures (TCFD).

Models of disclosing climate-related information include:

- *Including climate-related updates as part of the bank's Annual Report.*
- *Through the Sustainability Report, where the bank publishes such a report.*
- *Development of a TCFD Report.*
- *Separate Climate-related report.*

## 5. Key elements of the Guidance on Climate Related Risk Management

Significant progress has been made in integrating climate-related risks and rolling out Green Finance in bank's **governance and strategy frameworks.**

**Initial stages** with respect to **risk management and disclosure frameworks.**



Inadequate human resource and technical capacity of banks and CBK, including insufficient human resources and expertise in climate risk management.



Unavailability of reliable data, such as carbon emissions, long-term climate trends, and financial losses linked to climatic events.



Risk of **greenwashing** due to lack of a common definition of green finance.



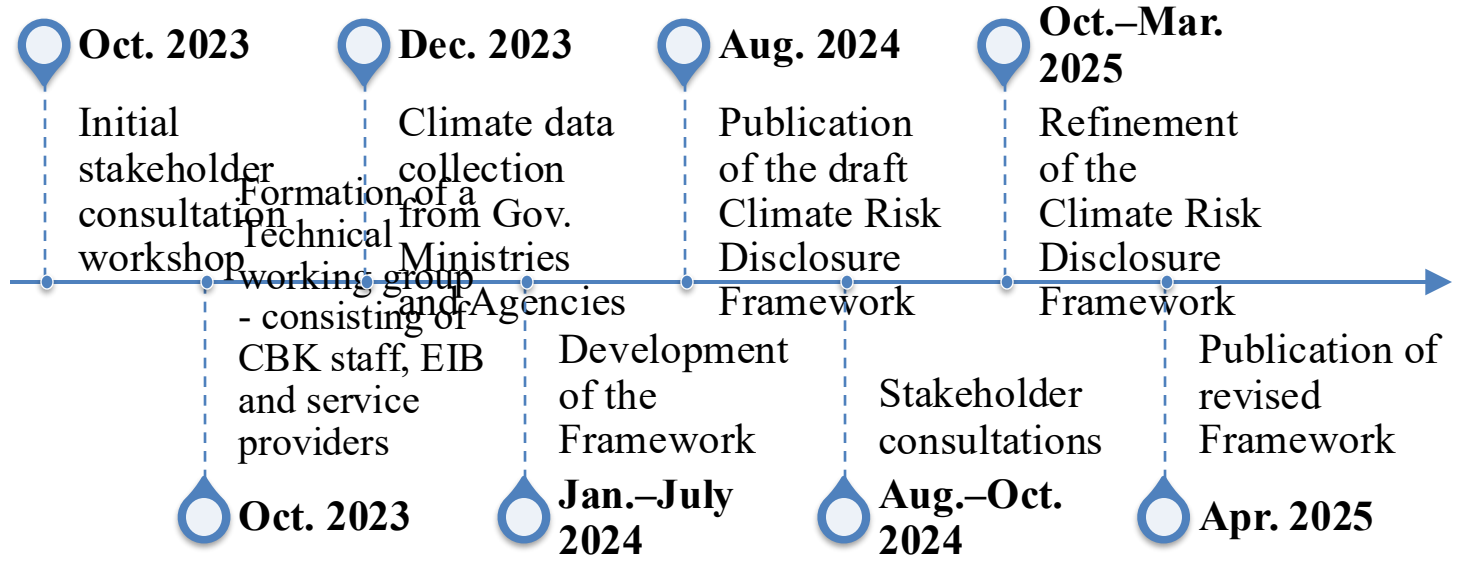
Lack of forward-looking models for assessing climate risks and their impacts.

## Greening Financial Systems Project-Supported by European Investment Bank (EIB)

- Developing a green finance taxonomy.
- Identification and mapping of climate risks affecting the financial sector.
- Enhancing the climate risk disclosure framework – Benchmarking to new standards (IFRS S2), BCBS principles

## International Monetary Fund (IMF) Resilience and Sustainability Facility (RSF)- USD 551 million (2023 to 2025)

- Incorporating climate risks into government planning and investment framework.
- Mobilising climate-revenue and strengthening efficiency.
- Enhancing effectiveness of existing frameworks to support climate finance **(includes green finance taxonomy and climate risk disclosure)**.
- Strengthening disaster risk reduction and management.



## Background, Purpose and Principles

- Journey of climate risk disclosure in Kenya and internationally.
- Promote climate risk management and improve transparency and reporting.
- Principles that underpin the Framework.

## Exposure to climate related financial risk

- Physical and Transition Risks.
- Templates for assessing physical and transition risk exposures by sector and region.

## Governance

- Board, committee or equivalent body and management, charged with governance.

## Strategy for managing Climate Risks and Opportunities

- Understand the impact of climate-related risks on the business environment.
- Role of green finance in addressing the sustainability challenge

## Risk Management

- Disclose information about processes and policies for identifying, assessing, and monitoring climate-related risks and opportunities.

## Metrics and Targets

- Metrics and targets inform stakeholders on the extent to which climate-related matters have been considered and quantified.

## Diagnostic Tool

- Designed to identify the characteristics of the Kenyan

## Physical Risk Maps

- Provides climate risk levels for counties in

## Climate Risk Disclosure Dashboard

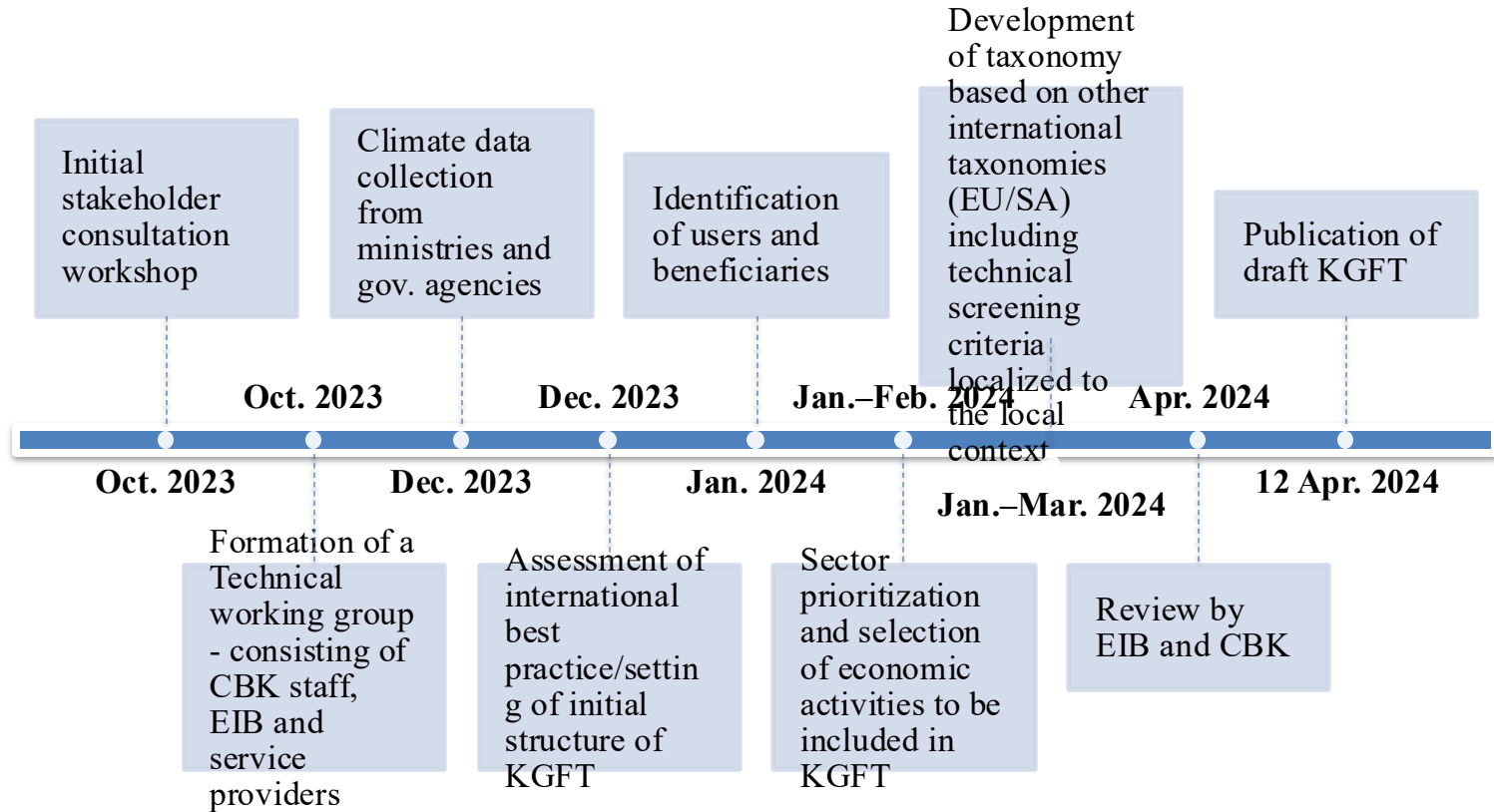
- Development of a climate risk disclosure dashboard

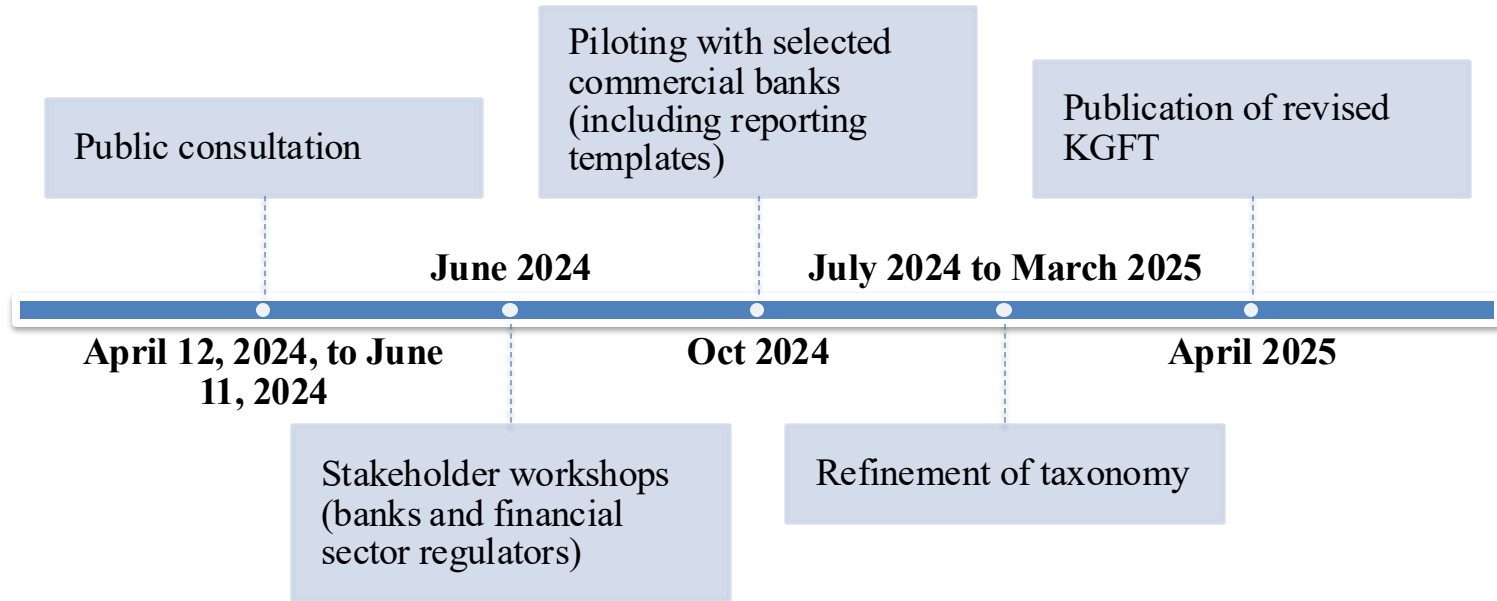
## Climate Related Risk Reporting Templates

- The templates aim to document existing banking



- a) The voluntary reporting period will begin for the accounting period beginning on or after January 1, 2025, for institutions in large peer group.
  
- b) Voluntary reporting for medium and small peer groups will commence from accounting period beginning on or after January 1, 2026.
  
- c) Mandatory reporting for all commercial banks will commence from accounting period beginning on or after January 2027.





supporting the Kenyan banking sector as **investors** to make informed investment decisions on sustainable economic activities. *It sets out the*

**Banks** can focus on how their financial products and investment portfolios align with sustainability criteria.

**Then investee companies** can focus on how their core business operations and economic activities align with these criteria to enhance their eligibility

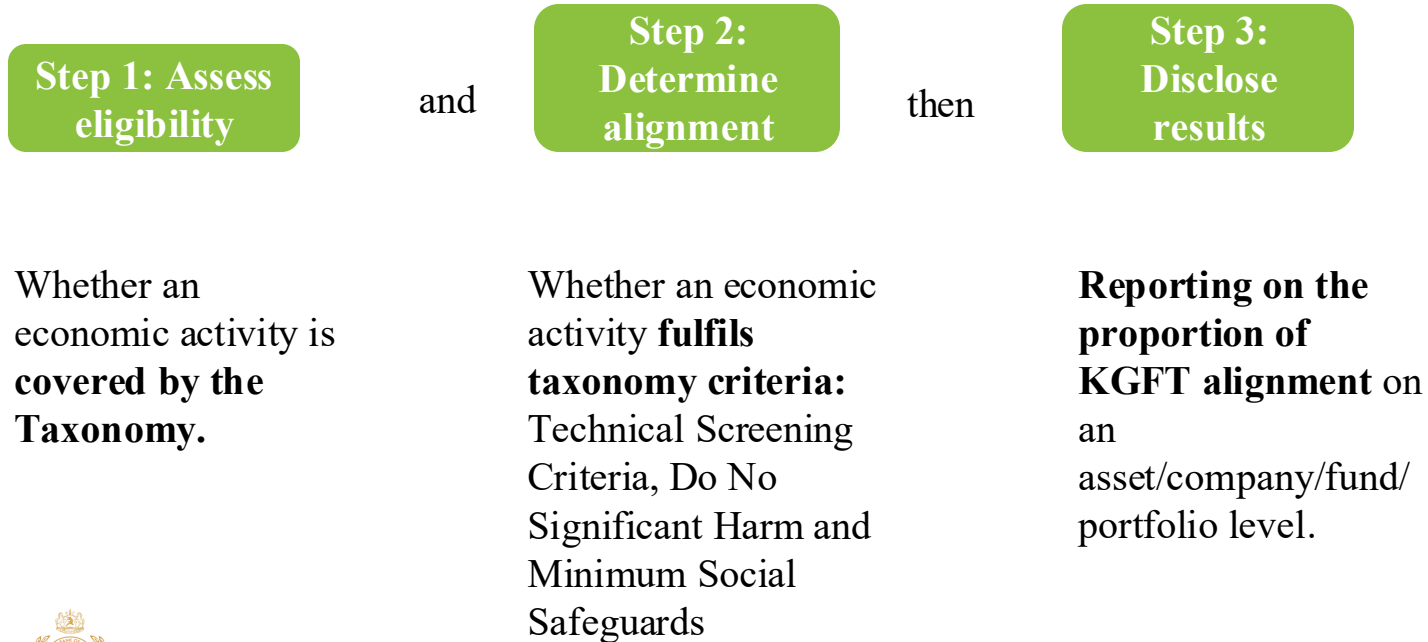
Expected to attract FDI and Private sector green investment.

Leading to an abundance of economically viable 'green' projects working toward national sustainable development.

- (a) **Environmental Objectives:** Climate change mitigation and Climate change adaptation.
- (b) **Application and Scope:** The objective of the KGFT is to enable the banking sector to identify "green" assets (as defined the framework) in their jurisdictions and make informed decisions on environmentally friendly investments.
- (c) **User Guidance:** This section guides users on navigating the document and determining taxonomy alignment and taxonomy-aligned finance. Initially, the primary users will be banking sector players and their key counterparties
  - (d) Companies and project developers
- (e) **Priority Sectors:** It identifies 11 economic sectors and activities making a significant contribution to climate change mitigation and adaptation, and whose impact is most felt.
- (i) **Technical Screening Criteria:** Makes Significant Contribution (MSC), Does No Significant Harm (DNSH), Meets Minimum Social Safeguards (MSS) and Remedial Measures to Transition
- (ii) **Reporting and Disclosure:** taxonomy-aligned finance can be disclosed at an asset/activity-, project-, entity- and/or portfolio-level.



Investees can disclose both eligibility and alignment of economic activities.



The taxonomy is expected to benefit the financial sector in the following ways:-

- i. Provide clear guidance to the financial sector in selecting green investments in line with international best practice and Kenya's national policies and priorities.
- ii. Reduce financial sector risks through enhanced management of climate related risks.
- iii. Reduce the costs associated with labelling and issuing green finance instruments.
- iv. Unlock significant investment opportunities in Kenya in a broad range of green and climate-friendly assets.
- v. Support supervision of climate related risks in the financial sector.
- vi. Provide a basis for regulators to align or reference green financial products.

- i. Defining and alignment to activities: Aligning the types of investment or finance to a specific economic activity as identified by the KGFT.
- ii. Availability of quality data and information to assess alignment with TSC of the KGFT. Appropriate data not publicly available.
- iii. Unavailability of tools to estimate GHG emissions at high level
- iv. Gaps in Technical Screening Criteria – TSC at an early stage of development and application – Not sufficiently tested over time – refinement ongoing.

- i. Capacity Building for CBK and supervised financial institutions.
- ii. Assessing adoption during voluntary period.
- iii. Continuous stakeholder engagement to enhance and refine Green Finance, the CRDF, KGFT and other policies.
- iv. Regulatory Compliance: KGFT and CRDF issued for an 18-month transition period (from date of issuance) where implementation will be voluntary; compliance will be mandatory after the transition period.

- i. Sustainability Concept: Understanding the meaning, implications of sustainability in the domestic context (avoiding wholesale adoption of frameworks developed elsewhere).
- ii. Understanding the financial system's role and limitations in supporting the transition - IGF, not a panacea, can play a key role in supporting vulnerable groups adapt to global environmental change and promote IGF.
- iii Working with market-based initiatives (by regulated players) in transitioning to IGF –adopt a consultative (rather than directive) approach in developing appropriate frameworks.
- iv. Restrict engagement on transition planning within remits and mandates

- v. Adopt Public-Private Partnerships towards building and implementing shared approaches to implementation of Inclusive Green Finance.
- vi. Consider developing domestic, context-specific green rating frameworks for local jurisdictions – to build credibility in home-grown IGF risk frameworks.

*Thank You!*

[WWW.CENTRALBANK.GO.KE](http://WWW.CENTRALBANK.GO.KE)



# SESSION 7: ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT GUIDELINES

**Kabinda Kawesha**

Manager, Financial Sector Development  
*Bank of Zambia*



# SESSION 7: ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT GUIDELINES

**Maria Luisa Grispos**

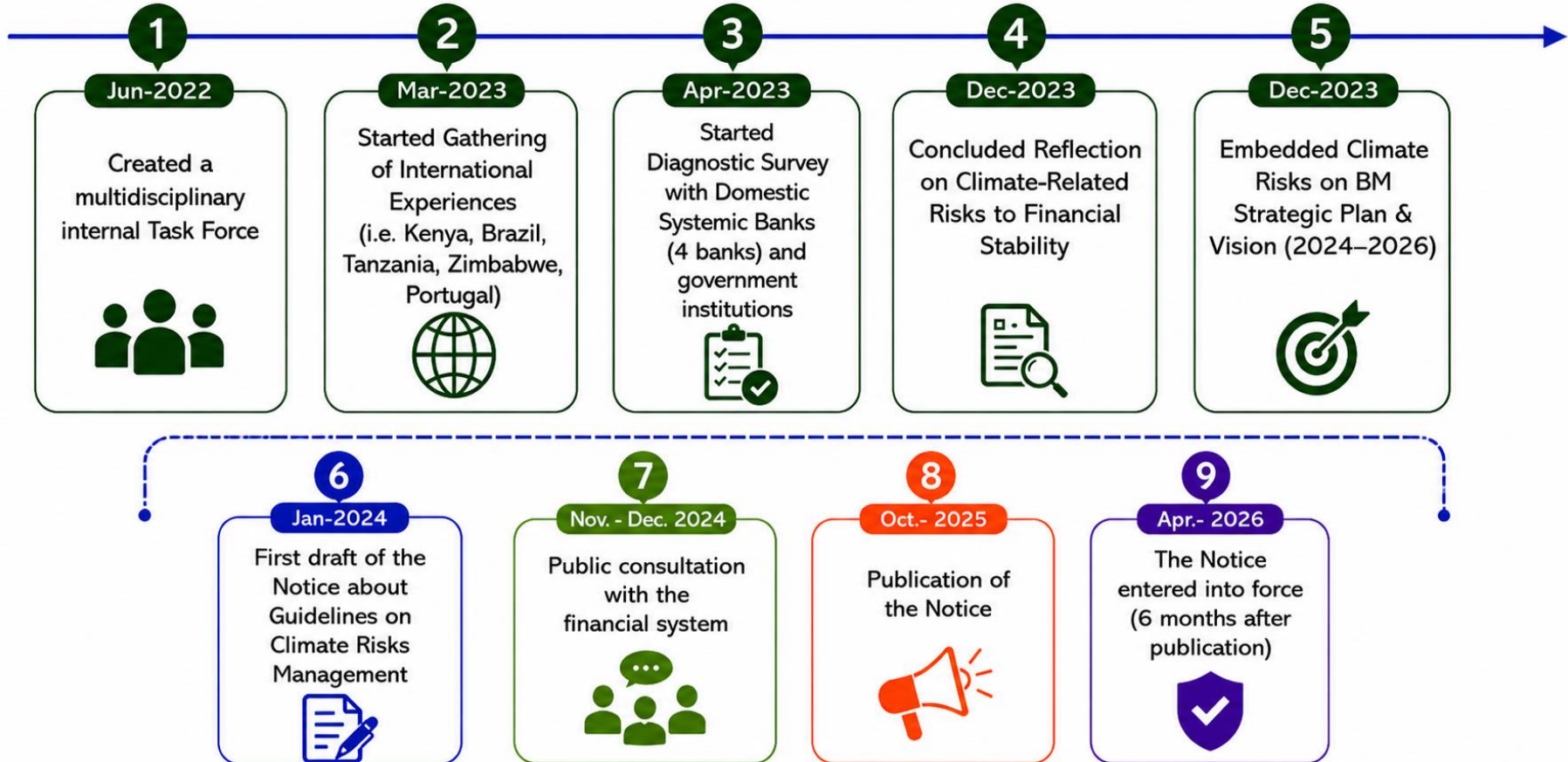
Technical Assistant, Financial Inclusion Office  
*Banco de Mocambique*



# *Context and Rationale*

- ❑ **Extreme Vulnerability:** Mozambique is among the most exposed countries to recurrent cyclones, floods, and droughts.
- ❑ **Risk Transmission:** Climate shocks destroy collateral, impair repayment capacity, and trigger liquidity strains.
- ❑ **Paradigm Shift:** Elevating climate risk from a Corporate Social Responsibility concern to a core prudential imperative.
- ❖ Establish guidelines for the management and mitigation of climate-related risks within financial institutions, thereby enhancing financial sector resilience and supporting financial stability.

# Journey in Developing the CRM Guidelines



# *Market Diagnostic Results*

❖ Assessment of Financial Institution climate risk practices and readiness.

## ❑ Current Market Landscape

- ✓ Domestic systemically important banks have already begun implementing voluntary ESG policies.
- ✓ The Catalyst: European-parented subsidiaries follow home-country rules, driving early local reporting adoption.

## ❑ The Core Gap

- ✓ Lack of a standardized regulatory framework has fragmented industry actions.
- ✓ Banks strongly supported a unified national regulation to harmonize practices across the sector.

# Structure of the CRM Guidelines (Notice No. 6/GBM/2025)

CHAPTER I	CHAPTER II	CHAPTER III	CHAPTER IV	CHAPTER V
General Provisions	Climate Risk Management and Its Impact on Financial and Non-Financial Risks	Governance Structure	Internal Control Framework	Disclosure
ARTICLE 1: Purpose	ARTICLE 3: Climate Risk Management	ARTICLE 9: Governance	ARTICLE 12: Internal Control	ARTICLE 14: Disclosure of Information
ARTICLE 2: Scope of Application	ARTICLE 4: Climate Risk Identification	ARTICLE 10: Responsibilities of the Board of Directors	ARTICLE 13: Policies and Procedures	ARTICLE 15: Disclosure Areas
	ARTICLE 5: Climate Risk Measurement and Monitoring	ARTICLE 11: Responsibilities of Senior Management		
	ARTICLE 6: Climate Risk Mitigation			
	ARTICLE 7: Climate Risk Assessment			
	ARTICLE 8: Stress Testing			

# Core Pillars of the CRM Guidelines

## CHAPTER II: Climate Risk Management and Its Impact on Financial and Non-Financial Risks

### ARTICLE 3: Climate Risk Management

Identify, measure, control, and monitor **physical and transition risks**, and their impact on financial & non-financial risks affecting earnings, capital & liquidity.

### ARTICLE 5: Climate Risk Measurement & Monitoring

- Establish indicators & metrics to assess and monitor the impact of climate risks on financial and non-financial risks.
- BdM may require additional indicators and metrics.

### ARTICLE 7: Climate Risk Assessment

Climate Integration into Traditional Risk Matrices (i.e. **credit, liquidity, interest rate and foreign exchange, operational, reputational risks**).

# Core Pillars of the Guidelines (Cont.)

CHAPTER III Governance Structure	CHAPTER V Disclosure Requirements
<b>ARTICLE 9: Governance</b>  Board-level accountability for climate risk strategy and policy oversight.	<b>ARTICLE 14 - Disclosure</b>  Mandatory annual reporting aligned with ISSB and international sustainability standards (report in their market discipline reports).

Notice No. 6/GBM/2025 establishes that any violation of the provisions of this Notice constitutes a punishable offence under the Law on Credit Institutions and Financial Entities.

# *Main Challenges*

- ❑ **Data Scarcity:** Lack of standardized historical climate data for financial and macroeconomic models;
- ❑ **Capacity Building:** Need to strengthen technical capacity across supervisors and financial institutions; and
- ❑ **Proportionality:** Ensuring that climate-related regulatory requirements are tailored to the size, complexity and risk profile of smaller institutions.

# *Next Steps*

- ❑ Following data submissions by banks and drawing on peer-country experiences, BdM will standardize climate-related data collection and reporting.
- ❑ Embed climate-related financial risks into regular macroprudential surveillance.

# *Key Takeaways and Lessons Learned*

- ❑ **Proactive Regulation is critical:** waiting for perfect data can delay action and increase systemic vulnerabilities. BdM acted early with baseline guidelines.
- ❑ **Supervisors play dual role:** Balancing enforcement with technical guidance and market development in early phases.
- ❑ **Early stakeholder engagement** improves acceptance of the regulation.



**THANK YOU**

#afiGlobal [www.afi-global.org](http://www.afi-global.org)

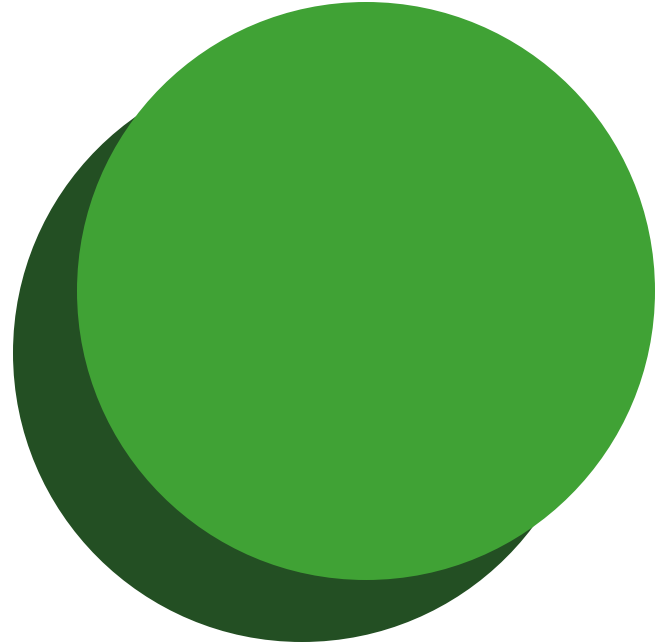
# SESSION 8: BANK INITIATIVES RELATED TO IGF IN LESOTHO

**Nkau Matete**

Director

*NedBank Lesotho*

*Bankers Association of Lesotho*



# Coffee Break



# QUIZ

# MENTI QUIZ

Scan QR Code

Enter

**1428 6274** to  
join the quiz



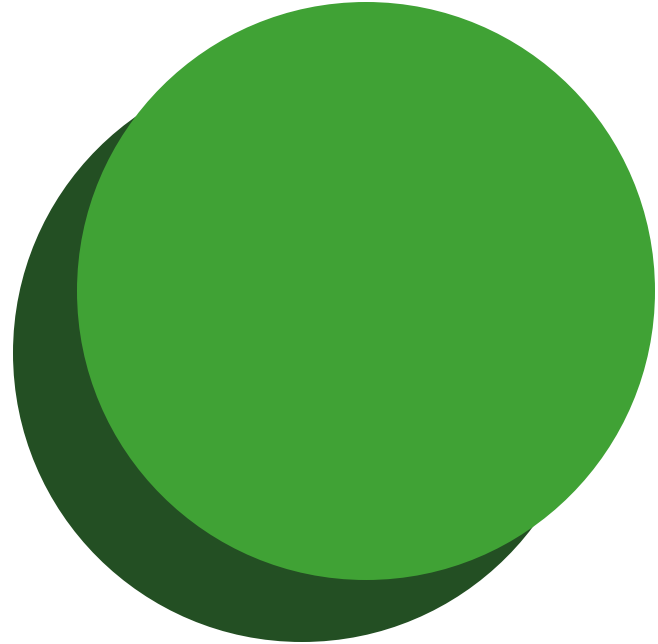
# SESSION 8: BANK INITIATIVES RELATED TO IGF IN LESOTHO

**Nkau Matete**

Director

*NedBank Lesotho*

*Bankers Association of Lesotho*





VALIDATE: THE 12-MONTH ACTION SET

# Early Action Matrix — EA1 to EA10

Low-complexity, low-cost, high-signal. They deliver visible momentum and lay foundational architecture for later expectations.

<b>EA1</b> Operationalise existing NGFS membership ≤3m	<b>EA2</b> Submit SBFN expression of interest ≤6m
<b>EA3</b> Consolidate into a Sustainable Finance Cell ≤6m	<b>EA4</b> Issue draft ESRM Guidelines for consultation ≤6m
<b>EA5</b> CBL-LMS climate / hazard data-sharing MoU ≤6m	<b>EA6</b> Standing seat on NCCC & GCF Country Platform ≤6m
<b>EA7</b> Joint SARB-PA session on CMA-coherent expectations ≤6m	<b>EA8</b> Public CBL position on climate-related risk ≤6m
<b>EA9</b> Maya Declaration commitment on IGF (consider) ≤12m	<b>EA10</b> Pilot supervisory dialogue with banks ≤9m



# SESSION 9: PLANNING

**Francis Makaka Mothibe**

Head, Insurance Supervision  
*Central Bank of Lesotho*





VALIDATE: THE 12-MONTH ACTION SET

# Early Action Matrix — EA1 to EA10

Low-complexity, low-cost, high-signal. They deliver visible momentum and lay foundational architecture for later expectations.

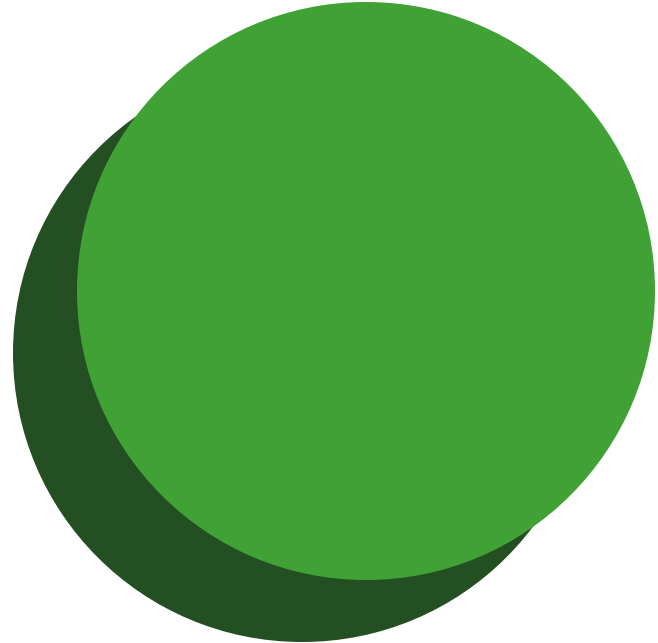
<b>EA1</b> Operationalise existing NGFS membership ≤3m	<b>EA2</b> Submit SBFN expression of interest ≤6m
<b>EA3</b> Consolidate into a Sustainable Finance Cell ≤6m	<b>EA4</b> Issue draft ESRM Guidelines for consultation ≤6m
<b>EA5</b> CBL-LMS climate / hazard data-sharing MoU ≤6m	<b>EA6</b> Standing seat on NCCC & GCF Country Platform ≤6m
<b>EA7</b> Joint SARB-PA session on CMA-coherent expectations ≤6m	<b>EA8</b> Public CBL position on climate-related risk ≤6m
<b>EA9</b> Maya Declaration commitment on IGF (consider) ≤12m	<b>EA10</b> Pilot supervisory dialogue with banks ≤9m



# SUMMARY AND CLOSING

**Bafokeng Noosi**

Director, Other Financial Institutions  
*Central Bank of Lesotho*



# CLOSING REMARKS

## Nomcebo Hadebe

Head, Africa Regional Office  
*Alliance for Financial Inclusion*





LUNCH



**THANK YOU**

#afiGlobal [www.afi-global.org](http://www.afi-global.org)