



Accelerating Alternative Energy and Fuel-Efficient Solutions Window
/ Business Breakfast Launch

Round-1 Green Economic Transition Facility
UNDP Deputy Resident Representative, Challa Getachew|
April 26th, 2023 – Presidential Hotel

On behalf of the United Nations Development Programme, I am truthfully delighted to participate in this very important business breakfast where we are formally launching the **Green Economic Transition Facility (GETF)**.

The launch of this facility marks an important step for Malawi to move into the direction of building the foundation for green businesses, green solutions, green products/services led by the private sector to counter the effects of environmental degradation. Environmental damage is a reality that comes with very alarming figures I would want us to reflect on:

- **Environmental destruction** is costing Malawi the equivalent of **5.3% of GDP** each year (UNEP);
- **Deforestation** in Malawi is estimated to be responsible for the loss of 33,000 hectares per year and the rate of deforestation is estimated at **1.5% per year**. Not a case that more than 97% of households in Malawi rely on illegally and unsustainably sourced charcoal and firewood for domestic cooking and heating energy;
- **Soil erosion** alone reduces agricultural productivity by **6%**
- Water pollution is also a significant issue in Malawi, particularly in urban areas. Industrial activities, improper waste disposal, and inadequate sewage treatment facilities have led to the contamination of water sources, posing health risks to the population and damaging aquatic ecosystems.

This is alarming... environmental degradation in Malawi is a complex issue that requires concerted efforts from government, civil society, and the private sector. Sustainable land use practices, reforestation, improved waste management, and conservation measures are some of the key strategies that can help mitigate the effects of environmental degradation and promote a more sustainable future for Malawi.

UNDP, with support from Development Partners, in the past eight years has been deploying several innovative financial instruments to support the private sector in Malawi to invest, grow and become true **partners in development**. The focus over the last years has been on business incubation, business acceleration, business growth that is inclusive and sustainable. The motive behind the GETF is really about a **Green Transition**, it's about de-risking and accelerating **Green Business Growth** in Malawi. UNDP and Irish Aid have decided to co-create a facility to support the Private Sector move into commercially sustainable green businesses solutions which if successfully executed will deliver big environmental and social impacts.

We recognize that Malawi is lagging behind in achieving the Sustainable Development Goals (SDGs) because of lack of sustainable investment by the private sector. Hence, at UNDP we put the Private Sector at the center of our programming and are looking at innovatively deepening the support for private sector led, inclusive market development and green business models as a means to contribute to poverty reduction through employment creation, income generation and overall economic development.

Through initiatives, like the GETF we are launching today, UNDP strongly believe that our private sector engagement strategy is being correctly aligned to the Malawi government National Development agenda as envisioned under Malawi Vision 2063, under enabler 4, Private Sector Dynamism.

The launch of the GETF entails taking a hard-headed, business-oriented approach to the important issues of environmental degradation through commercially driven initiatives. It is our earnest hope that the deployment of this financing instrument will help Malawian businesses pursue a number of innovative new projects that will have a real, positive and sustainable impact on the way business is conducted, and markets operated, in Malawi.

While we anticipate this matching grant and technical assistance (on demand) financing instrument to deliver big environmental and social benefits we trust this facility will complement the GoM efforts to transition into a greener economy. It is to be noted that the GoM is already working towards this by implementing policies and programmes that promote sustainable agriculture, renewable energy, and waste management. For example, in waste management, Malawi is implementing policies that aim to reduce waste generation and promote waste recycling and reuse. The country is also promoting the use of biogas technology to produce energy from waste materials. In renewable energy, Malawi has implemented policies that aim to increase access to clean and renewable energy sources such as solar, wind, and hydroelectric power. The country is also implementing the Renewable Energy Feed-in Tariff (REFIT) program to incentivize private

sector investment in renewable energy projects. These are only some of the examples of the transition that is slowly happening, but more needs to be done and this is a collective responsibility.

The GETF is grounded on the principle of aligning business incentives better to development objectives to increase the incentive for businesses to innovate in green business products, processes, technology and services and for business models that connect the poor to markets more efficiently and effectively.

Although the funding is in the form of a matching grant, the approach taken resembles in some ways that of venture capital. And the ‘return’ we are seeking to achieve, in addition to environmental benefit, is an increase in the incomes of the poor and also the creation of new jobs.

Distinguished guests, ladies and gentlemen, I would encourage you to listen to the presentations that will come, which provide details on how the Green Economic Transition Facility will operate, and how interested companies can submit their project ideas for consideration by the Facility. I would also like to thank the Republic of Ireland through Irish Aid for partnering with us on this all-important initiative, in the first window, ‘Accelerating Alternative Sources of Energy and Fuel-Efficient Solution’, Round-1. We are confident that our partnership will substantially generate the desired green business models. May I also take this opportunity to wish all those businesses applying for this first Round of competition the best of luck and look forward to hearing about the successful inclusive green business models that will emerge in the coming months.

THANK YOU FOR YOUR ATTENTION