

## Summary Report of the 2021 AADFI Annual

Theme:

*“Achieving the African Continental Free Trade Area: what roles and opportunities for national DFIs?”*



The banner features a dark blue background with a city skyline at night and a vertical strip of African national flags on the right. On the left is the AIAFD AADFI logo. In the center, the text reads: "AADFI-AfDB ANNUAL WORKSHOP" followed by the theme "“Achieving the African Continental Free Trade Area: what roles and opportunities for national DFIs?”" and the date and time "Tuesday 29, June 2021 | 08:30am - 11:30am GMT". A red button with the word "VIRTUAL" is positioned to the right of the time. On the right side of the banner are the logos for the Banque Africaine de Développement (BAD) and the African Development Fund (ADF).

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*Tuesday, June 29, 2021. 08:30-11:30 am GMT. Virtual*

*Sponsored by:*



Contact:  
Immeuble AIAFD-Boulevard Latrille rue J61  
Cocody-Deux Plateaux  
06 B. P. 321 Abidjan 06 - Côte d'Ivoire.  
Tel. (225) 22 52 79 40  
Fax. (225) 22 52 79 41  
Email: [info@adfi-ci.org](mailto:info@adfi-ci.org) / [training@adfi-ci.org](mailto:training@adfi-ci.org)  
Website: [www.adfi-ci.org](http://www.adfi-ci.org)

## A. Introduction

1. The 2021 Annual Workshop of the Association of African Development Finance Institutions (AADFI) was held virtually on June 29, 2021, on the theme: “**Achieving the African Continental Free Trade Area: what roles and opportunities for national DFIs?**”. The webinar was organized in partnership with the African Development Bank (AfDB).
2. The objectives of the webinar were as follows: (i) raise awareness among African national DFIs on the AfCFTA and their role in its implementation; (ii) strengthen partnerships in promoting cross-border projects that support the AfCFTA; and, (iii) identify business opportunities for development banks in the AfCFTA.
3. The discussion focused on the effective participation of national DFIs in leveraging the opportunities offered by the implementation of the AfCFTA for the benefit of African enterprises, and the challenges and the opportunities that the AfCFTA presented for national DFIs.
4. A total of 133 delegates, comprising chief executive officers and senior management executives of DFIs, multilateral development finance institutions, development partners, representatives of the private sector, and other key stakeholders, from the following 34 countries participated in the webinar: Algeria, Belgium, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Côte d’Ivoire, D. R. Congo, Egypt, Germany, Ghana, Great Britain, India, Italy, Kenya, Lesotho, Malawi, Mali, Mauritius, Morocco, Mozambique, Netherland, Niger, Nigeria, Peru, Rwanda, Senegal, South Korea, Tanzania, Togo, Tunisia, Zambia, and Zimbabwe.

## B. Opening

5. Mr. Thabo Thamane, Chairman of AADFI and CEO of the Citizen Entrepreneurial Development Agency (CEDA), Botswana, in his opening remarks, welcomed the participants to the webinar. He recalled that the webinar was part of the Annual General Assembly meetings of the Association and that it was usually co-organized with the African Development Bank (AfDB).
6. Mr. Thamane expressed gratitude to Dr. Akinwumi Adesina, President of the AfDB; Mr. Solomon Quaynor, Vice President of the Private Sector, Infrastructure and Industrialization of the AfDB; and Mr. Stefan Nalletamby, Director of the Financial Sector Development Department, whose department is the focal point of AADFI at the Bank. He recognized that the Bank has been working closely with the Association and supporting its member DFIs over the years in promoting sustainable development in the continent. These collaborations had accounted for the successes recorded by the Association in recent years.
7. Furthermore, Mr. Thamane indicated that the theme of the 2021 Annual Workshop, “**Achieving the African Continental Free Trade Area: what roles and opportunities for national DFIs?**”, was of importance to the DFIs, as it would support effort in achieving sustainable development in Africa. He acknowledged that the AfCFTA has the potential to bring together the 55 member countries of the African Union and create a market of 1.2 billion people with a combined GDP of more than USD 3.4 trillion. Moreover, the AfCFTA has the potential to expand the intra-African trade, create a single market for goods and services and free movement of business persons, boost industrial development, and enhance competitiveness.
8. Therefore, the objectives of the AfCFTA were at the core of the mandate of the DFIs, particularly the national DFIs, hence the huge role they have to play by working together towards mobilizing and facilitating projects that actualize the mandate of the AfCFTA.
9. Finally, Mr. Thamane hoped that the outcome of the 2021 Annual Workshop would create opportunities for inclusive participation of national, regional, and multilateral DFIs in promoting the AfCFTA and scaling up the attainment of social and economic development in Africa.
10. **Mr. Solomon Quaynor**, Vice-President, Private Sector, Infrastructure, and Industrialization of the African Development Bank (AfDB), in his Keynote Address, which



focused on the AfDB response in support of the implementation of AfCFTA, noted that the 2021 webinar was an important gathering, as the African leaders were concentrating their efforts towards Africa's recovery from the Covid-19 pandemic. He acknowledged that the pandemic created setbacks for the AfCFTA, which led to the rescheduling of the commencement of its implementation date from July 1, 2020, to January 1, 2021.

11. According to Mr. Quaynor, the AfDB took many measures to cushion the effects of the pandemic on the African economies, businesses, and communities. These measures included providing emergency support to African member countries to address urgent adverse health and economic effects of the pandemic, through the launch of a USD 3 billion "Fight Covid-19 Social Bond". The Bank also announced an up to USD 10 billion Crisis Response Facility to support African countries and the private sector.

12. Furthermore, he reemphasized that industrialization was one of the AfDB's top priorities, as its acceleration would include a step change in productivity, the creation of over 14 million stable jobs, and the multiplication of Africa's manufacturing output over the next decade.

13. As a result, over the past five years, the AfDB adopted an integrated approach to infrastructure development to accelerate industrialization and invested more than USD 2 billion in industrialization projects and policy-related activities, including value chains on the continent.

14. Recognizing that infrastructure linking countries were critical to achieving the ideals of the AfCFTA, the AfDB, over the past 10 years, had invested more than USD 40 billion in infrastructure, especially energy, roads, ports, airports, and ICT to link countries and reduce the travel and transit times through one-stop border posts. On Energy, the AfDB supported the design and implementation of regional power pools to interconnect national grids into regional grids. In ICT, the AfDB invested in the Eastern African Submarine Cable system that has connected all East African and Central African countries.

15. The Bank, as part of its initiatives for supporting the private sector as a critical stakeholder in the success of the AfCFTA, launched the private sector enhancement Facility which can support up to USD 500 million investment through risk participation agreements. Similarly, through the African Financial Markets Initiative (AFMI), the Bank was stimulating the development of the domestic bonds market, regional stock exchanges, and regional commodities markets.

16. Furthermore, beyond its support to the African Union during the conception and design phase of the AfCFTA, the Bank had provided almost USD 5 million direct intervention support to the institutional building efforts of the Secretariat and rolled out many preliminary activities to facilitate the smooth take-off of the implementation process. The AfDB, as a long-term partner of the African Union, was jointly leading the Program for Infrastructure Development in Africa, whose implementation is key to putting in place the right infrastructure for production and the movement of goods along the various corridors.

17. Likewise, with the recent decision by the IMF to issue USD 650 billion Special Drawing Rights (SDRs), Mr. Quaynor reported that some of the SDRs would be used by the AfDB to scale up its support to Africa's development by direct financing on-lending and possibly capitalizing African public development banks to support green, climate-resilient and inclusive recovery, and the stabilization of the economies.

18. Finally, he called all stakeholders – governments, regional economic communities, private sector, DFIs, and Multilateral Development Banks – to play their respective roles and partner with one another for the successful implementation of the AfCFTA and the recovery of Africa economies.

## C. Plenary Session

### *“The AfCFTA: challenges and opportunities for DFIs”*

**Moderator:**

**Dr. Michael Mahmoud**, Senior Consultant and Expert on Regional Integration

**Speaker:**

**Dr. Madu Obiora**, CEO, African Center for Supply Chain (ACSC)

19. **Dr. Madu Obiora**, Chief Executive Officer, African Center for Supply Chain (ACSC), was the lead speaker. He provided an overview of the current trade situation in Africa and the reasons behind the creation of the AfCFTA. He reiterated that the AfCFTA aimed at expanding intra-African trade through better harmonization and coordination of trade within the continent; enhancing competitiveness at the enterprise level to support economic transformation; exploiting economies of scale to take advantage of the continental market access; adding value to Africa’s natural resources; developing regional value chains; and attracting investments into Africa.

20. Therefore, the successful implementation of the initiative would significantly boost intra-Africa Trade, address the challenge of exporting goods to African counterparts with an average rate of protection higher than when exporting the same goods overseas, and boost the African SMEs’ growth through regional markets.

21. However, he pointed out that the main concerns to the successful implementation of the AfCFTA remained infrastructure and the numerous trade facilitation constraints, as well as the future of work which changed due to the coronavirus pandemic.

22. To conclude, Dr. Madu indicated that the national DFIs would significantly contribute to the achievement of the AfCFTA by signing partnerships and committing to implementing the actions resulting from those partnerships; identifying and channeling investments to the sectors that most needed support; developing innovative strategies to attract capitals, especially from the private sector; attending programs on the AfCFTA’s Trade Facility (TF) Agenda; and building resilience for sustainable finance in achieving the AfCFTA.

## D. Panel Discussion

### *“Facilitating the AfCFTA: what roles for DFIs?”*

**Moderator:**

**Dr. Michael Mahmoud**, Senior Consultant and Expert on Regional Integration

**Lead Discussant: Mr. Patrick Dlamini**, CEO, Development Bank of Southern Africa

**Panelists:**

**Ms. Catherine Kimaryo**, Chief Strategy Advisor, Trade and Development Bank (TD Bank)

**Mr. Abdelouahab BOUSHABA**, Chief Executive Officer, Tamwil El Fellah/ Groupe Crédit Agricole du Maroc

**Mr. Gainmore Zanamwe**, Senior Manager, Intra-African Trade Initiative, African Export-Import Bank (Afrexim)

23. **Dr. Michael Mahmoud**, Senior Consultant and Expert on Regional Integration, moderated the panel discussion session. In his introductory remarks, he pointed out that AADFI, as the continental body for the African DFIs, had a big role to play in facilitating the AfCFTA. He acknowledged that the Association had so far done well in terms of facilitating the collaboration among the African DFIs but needed to do more at the regional level by coordinating a series of practical sessions on the AfCFTA, in addition to facilitating cooperation among regional and national DFIs, and with governments and key stakeholders.



24. Furthermore, he emphasized that African national DFIs should work at better understanding the SMEs to provide them with the technical knowledge and support services that would help de-risk the sector.

25. **Mr. Patrick Dlamini**, Chief Executive Officer of Development Bank of Southern Africa (DBSA) was the Lead Discussant of the session. He shared the belief that the AfCFTA offered great hope for Africa with massive trade areas to coordinate. However, he noted that some challenges could impede the achievement of the initiative, which included social challenges: poor health systems, jobless youth, and infrastructure challenges.

26. Therefore, he suggested that the AADFI members support the implementation of the AfCFTA by getting involved in practical actions through active partnerships. Moreover, he advocated that African DFIs should collaborate in meeting the objectives of the Trade Facility (TF) agenda and ensure that the SMEs trade optimally within the continent.

27. Furthermore, Mr. Dlamini urged DFIs to channel their financing towards building key infrastructure, facilitating migration from one-stop border coast to another, and creating key regional supply chains to enhance trade on the continent. He also encouraged the private sector to invest in the African economies, promote SDGs and green bonds, and leverage the current innovation and technologies, such as fintech and digital currency, to the benefit of the continent.

28. **Ms. Catherine Kimaryo**, Chief Strategy Advisor, Trade and Development Bank (TD Bank), in her contribution, emphasized that the AfCFTA covered the facilitation of trade, human capital, and other factors for its successful implementation. She acknowledged that the envisaged challenges in implementing the AfCFTA would translate to opportunities for DFIs to rise to the challenges, innovate, and scale up interventions to reach their ambitious objectives.

29. She highlighted that TDB Bank anticipated its contribution to achieving the AfCFTA and got prepared for the role it was to play. Thus, the Bank changed its “DNA” to be more attractive, deepen its partnerships on the global markets, and raise more funds to sustainably finance the implementation of the AfCFTA. The Bank was also incubating many other initiatives to finance relevant projects and strengthen its impact on SMEs towards achieving the AfCFTA.

30. Furthermore, she advocated the importance of partnerships for Africa’s integration and informed that TDB was considering AADFI as an important partner for knowledge exchange, skills development, and information sharing among DFIs across the continent.

31. Besides, Ms. Kimaryo informed that TDB was not looking at just infrastructure and trade, but many other sectors that could facilitate the achievement of the AfCFTA. TDB was the first DFI in Africa to execute a blockchain transaction and launched many other initiatives to strengthen its contribution towards the realization of the AfCFTA. Finally, she stressed that partnerships, strong governments, and resources optimization were key to achieve the AfCFTA.

32. **Mr. Abdelouahab Boushaba**, Chief Executive Officer, Tamwil El Fellah/ Groupe Crédit Agricole du Maroc, in his contribution, stated that the integration of Africa has become a reality with the operationalization of the AfCFTA. He recalled some of the benefits of the AfCFTA, namely strengthening inter-African collaboration, achieving the continent’s industrialization, reducing dependence on raw materials, and propelling the continent’s economic integration. Besides, he mentioned that the Kingdom of Morocco focused on strong cooperation that would allow all parties involved to better contribute to the achievement of the AfCFTA’s objectives.

33. According to Mr. Boushaba, the Kingdom of Morocco was considering the AfCFTA as a





source of opportunities, a new platform for collaboration and unity, an engine for transforming Africa's resources, and a space for comparative advantages.

34. **Mr. Gainmore Zanamwe**, Senior Manager, Intra-African Trade Initiative, African Export-Import Bank (Afrexim Bank), reported that Afrexim Bank made the deliberate decision to focus its business on the intra-African trade to achieve the AfCFTA.

35. In so doing, the Afrexim Bank was putting in place a range of financing systems and supports to facilitate the achievement of the AfCFTA and intra-African trade. Furthermore, the institution partnered with the AfCFTA Secretariat to support member states to adjust to the initiative and intended to also partner with other DFIs to mobilize the resource needed to support the AfCFTA.

36. The Bank also acknowledged that customs and infrastructure were critical areas of collaboration to address the barriers to the AfCFTA. As such, it developed a scheme to support the implementation of an effective transit guarantee within the AfCFTA and was also working on many other trade facilitation initiatives with the AfCFTA Secretariat.

37. Mr. Gainmore also highlighted that Afrexim Bank was collaborating with other institutions, including commercial banks and private companies, on how to formalize informal cross-border trades and provide them with information to facilitate trade within the AfCFTA.

38. Besides, he indicated that Afrexim Bank had developed the African Trade Gateway, a one-stop digital ecosystem to facilitate trade within the AfCFTA in local currency, and was working on implementing a quality insurance system to reinforce African trade standards and regulations for African products to meet international standards.

39. Finally, Mr. Gainmore called upon the African DFIs, as well as the shareholders relevant to the achievement of the AfCFTA, to work with the Afrexim Bank in finding African solutions to make the AfCFTA work.

## **E. Closing**

40. **Mrs. Patricia Ojangole**, First Vice-Chairperson of AADFI and Managing Director of Uganda Development Bank Ltd., in her closing remarks, emphasized that although the AfCFTA would provide tangible solutions in addressing Africa's social and economic development challenges, its successful implementation would largely depend on the activities of the DFIs in promoting the critical sectors of their national economies. Therefore, she urged African DFIs, particularly the national DFIs, to strengthen their governance, sustainability, and financial stability to mobilize innovative resources towards financing the AfCFTA's dependent projects.

## **F. CONCLUSIONS AND RECOMMENDATIONS**

The following were the conclusions and recommendations from the webinar:

1. The AfCFTA offers great hope in addressing the challenges of development and achieving the sustainable development goals in Africa. It also provides a new platform for collaboration and strengthening African unity.

2. The successful implementation of the AfCFTA has the potential to triple the GDP of the continent to about 9 and 10 million, within the next 25 years, and support the creation of massive job opportunities for the African youth. However, achieving the desired success requires the commitment of all the stakeholders involved, including the national and regional



DFIs, the multilateral development banks (MDBs), and the African governments.

3. Lack of Infrastructure to link countries and reduce the travel and transit times through one-stop border posts would remain a major concern to the successful implementation of the AfCFTA. Other challenges to the success of the AfCFTA would include the numerous trade facilitation constraints and the “new normal” imposed by the coronavirus pandemic. However, these challenges present business opportunities for African DFIs to scale up their efforts and reach their ambitious objectives.

4. The AADFI, as the continental body for the African DFIs, has a big role to play in facilitating the AfCFTA. It was acknowledged that the Association has done well in terms of facilitating the collaboration among the African DFIs but would need to scale up engagement at the regional level, and with governments and other key stakeholders, in support of the actualization of the AfCFTA.

5. African DFIs need to mobilize the required resources and encourage and support the private sector to invest in the African economies. DFIs need to scale up support to SMEs and provide them with the technical knowledge and technology to help them better assess risks and ensure that they trade optimally within the continent.

**The AADFI Secretariat  
Abidjan, Côte d’Ivoire  
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