



2022 ANNUAL WORKSHOP

May 24, 2022 | Accra, Ghana

FREEDOM AND JUSTICE

Theme:

**“Unlocking Innovative Resources for Development
Finance: Agenda for African DFIs”**

SUMMARY REPORT

Host



**NATIONAL
INVESTMENT
BANK**

Partners



A. Introduction

1. The 2022 Annual Workshop of the Association of African Development Finance Institutions (AADFI) was held on May 24, 2022, on the theme: “***Unlocking Innovative Resources for Development Finance: Agenda for African DFIs.***” The event was organized in partnership with the African Development Bank (AfDB) and hosted by the National Investment Bank (NIB) Ghana at the Labadi Beach Resort in Accra, Ghana.
2. The objectives of the workshop were (1) to examine innovative options for raising development funds to finance the recoveries of the African economies from COVID-19 and sustain the effort in achieving the SDGs and Paris Agreement, and (2) to discuss the financing instruments that are available and most suitable for development financing in African economies.
3. A total of 129 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 28 countries participated in the workshop: Belgium, Benin, Botswana, Burundi, Congo, Côte d’Ivoire, Eswatini, France, Germany, Ghana, Kenya, Lesotho, Liberia, Mali, Morocco, Mozambique, Netherlands, Niger, Nigeria, Dem. Rep. of Congo, Rwanda, South Africa, Sudan, Tanzania, Togo, Tunisia, Uganda, and the USA.

B. Opening Ceremony

4. The opening ceremony was attended by Mr. Solomon Quaynor, Vice President, Private Sector, Infrastructure & Industrialization of the AfDB; and Honorable Dr. John A. Kumah, Deputy Minister of Finance, Republic of Ghana.
5. **Mr. Samuel Sarpong**, Managing Director of the National Investment Bank (NIB) Ltd, Ghana, host of the event, in his welcome address, expressed delight for the opportunity given to his Bank to host the meeting and welcomed delegates to the workshop. He acknowledged that the gathering was an extraordinary moment for NIB, given that it was the first overseas travel for most participants after the two-year travel restriction as a result of the coronavirus pandemic.
6. Mr. Sarpong noted that the workshop’s theme was of great interest to his institution in its transformation and effort to contribute significantly to realizing the national development agenda. He recognized that the continent was plagued with many challenges, including the Covid-19 pandemic, but believed that the DFIs were strategically placed to come up with smart solutions to finance the continent’s industrialization drive and sustain the strides made in lifting the Africans progressively from the shackles of poverty.
7. **Mr. Thabo Thamane**, Chairman of the AADFI and CEO of the Citizen Entrepreneurial Development Agency (CEDA), Botswana, in his opening remarks, stressed the negative impact of Covid-19, which, in the past three years, confined everyone to their country and resulted in evolving new approaches to doing business. Though the AADFI meetings were held virtually during those periods, he was excited as the members of the AADFI and partners gathered in person in Ghana for the 2022 AADFI Annual General Assembly.
8. On behalf of the AADFI Board of Directors and the CEOs of AADFI member institutions, he appreciated the President, people, and Government of the Republic of Ghana for creating the desired atmosphere for hosting the event in Ghana. He thanked the Deputy Minister of Finance of Ghana for finding it worthy of gracing the occasion. He also acknowledged Dr. Akinwunmi Adesina, President of the African Development Bank (AfDB), and Mr. Solomon Quaynor, Vice President, Private Sector, Infrastructure & Industrialization of the AfDB, for the bank’s support to the African DFI community. He further appreciated Mr. Samuel Sarpong, Managing Director of the National Investment Bank Ltd (NIB) Ghana, and his Board of Directors for hosting the event.



9. Furthermore, Mr. Thamane reiterated the relevance of the theme of the 2022 Annual Workshop to the African DFIs in scaling up their contribution to addressing the existing development challenges – worsened by the pandemic. He noted that the discourse provided the opportunity to reflect on innovative development finance instruments and resources that would power the African economies to greatness.

10. **Mr. Solomon Quaynor**, Vice President, Private Sector, Infrastructure & Industrialization of the AfDB, in his keynote address, acknowledged that the workshop was organized at an opportune time. He referred to the coronavirus pandemic and the Ukraine-Russia conflict and pointed out that both situations called for Africa to build resilience by focusing on food and nutritional security, re-thinking health care and social protection systems, nurturing the private sector – including small and medium-sized enterprises and women entrepreneurs –, harnessing and better managing its natural resources revenue streams, operationalizing the African Continental Free Trade Area (AfCFTA), and strengthening domestic financial systems and capital markets to build a better, greener, inclusive, resilient, and an integrated Africa.

11. Besides, he acknowledged that African DFIs were essential in supporting national development agendas, channeling concessional funding, and mobilizing domestic private sector investments. However, he noted that African DFIs face critical challenges regarding financial and operational autonomy and weak capacity. Consequently, he recommended that African DFIs make strategic choices that would redefine their operations, as the traditional business model whereby Governments provide financing supplemented by multilateral and bilateral financial institutions' investments was reaching its limits.

12. Finally, he informed that the AfDB had developed a new framework to increase financing opportunities for Africa's private sector. The framework leveraged the comparative advantage of the AfDB and African DFIs through two key enablers: finance and capacity building. These enablers drawing on lessons learned, feedback from extensive consultations with African DFIs, and empirical evidence provided by AADFI, were critical to sharpening the Bank's engagement with African DFIs to achieve maximum impact. More importantly, they were designed to strengthen investors' confidence and expand the pool of potential funding providers to African DFIs.

13. **Honorable Dr. John Kumah**, Deputy Minister of Finance of the Republic of Ghana, while declaring the workshop open, reiterated that DFIs were important in promoting a country's access to financial services and economic development as they could serve as potentially potent policy instruments for fixing market failures, incubating markets, and promoting structural transformation for higher economic growth. Consequently, the Government of Ghana, in its efforts to restore economic stability and improve structural resilience, established the Development Bank Ghana (DBG), based on new thinking on development finance. The DBG was expected to be a financially sustainable institution that would raise long-term funds from the domestic and international capital markets and financial institutions based on its balance sheet.

14. Besides, he believed that Africa's economic growth would be significantly helped by how the continent adopted digital economy innovations. Indeed, "African countries should invest more in research and development, and international partners should offer investment support to create home-grown digital solutions." Africa needed access to digital tools and technologies while operating within a regulatory environment protecting the safety and interest of its people. Furthermore, the African leaders should work together to unlock and tap into the potential in the market for Africa's development needs, as well as come up with innovative means of resource mobilization toward achieving the SDGs and climate-related agendas for a higher developmental impact. He added that in the African leaders' quest to create a robust and diversified domestic financial sector responsive to their economic needs, they should design appropriate financial products through innovative delivery channels, including technology and low-cost access points.

15. He concluded that the uncertainty in the general macroeconomic environment and the pressures on all Government budgets, aggravated by the coronavirus pandemic and the Ukraine-



Russian conflict, not only indicated how delicate and unpredictable the world was but also sounded the need to continually come up with potential and innovative development ideas for sustainable growth, particularly in Africa. Therefore, he urged the African DFIs' leaders to take charge of Africa's growth.

C. Session 2

“Local Currency Risk Management, Financing, and Hedging Solutions”

Moderator: Mr. Steve Williams, Managing Partner, Treasury Warehouse Ltd, Ghana

Speaker: Mr. Ruurd Brouwer, Chief Executive Officer, TCX Fund

16. The session discussed local currency financing as a key driver for resilient growth and how it contributes to sustainable financial market development in emerging markets. In addition, local currency risk management was also discussed. The session was anchored by the TCX Fund.

17. **Mr. Ruurd Brouwer**, CEO of TCX Fund, highlighted that those local currencies were appropriate for local project owners because most of them (project owners) found it profitable to raise funds in local currency and carry out the transactions related to their local projects in local currency. He recalled that DFIs existed to develop Africa while pointing out that the more significant an economic crisis, the more critical were DFIs. Therefore, he urged African DFIs to harness the lessons they learned from the recent crises to build their resilience to unforeseen events. He concluded by presenting the TCX and how its services complement DFIs' activities.

18. **Mrs. Isabelle Lessedjina**, Senior Vice-President of TCX Fund, presented the results of a survey carried out by the TCX and the outcome of several training sessions on financing local projects done with African institutions, which suggested that most of the institutions would appreciate being able to raise funding and finance local projects, in local currency. The findings also show that most institutions had well-developed projects with suitable structures but not the right financing products to fund them. She concluded by sharing the solutions TCX was proposing to get funding in local currency and finance relevant projects in local currency while effectively managing the related risks.

19. **Mr. Demba Tandia**, Vice-President of TCX Fund, highlighted that the local projects should be financed in local currency. He explained that most active DFIs wanted to finance sustainable activities in local currency, but the funds available in local currency were limited. He thus proposed two solutions to the big question of how DFIs could access and gain funds in local currency: (1) enhancing the credits of DFIs to issue bonds; and (2) recycling USD funding hedging. Finally, he underlined that the principle of local currency risk management, financing, and hedging was not a one-size-fits-all solution: it could be tailored to meet institutional and national funding objectives.

D. Session 3

“Innovative Sources of Finance for Development Project”

Moderator:

Mr. Solomon Asamoah, Managing Director, Ghana Infrastructure Investment Fund

Panelists:

Ms. Kampeta Sayinzoga, CEO, Development Bank of Rwanda (BRD)

Mr. Simon Aranonu, Executive Director, Large Enterprise, Bank of Industry Nigeria (BOI)

Mr. Idrissa Coulibaly, Director of Risk, Banque Nationale d'Investissement (BNI), CI

Mr. David Ashiagbor, Chief Financial Sector Strategy Officer, Financial Sector Development Department, African Development Bank (AfDB)



20. Session 3 discussed how to scale up funding for development projects, given the inability of some traditional funding sources to positively impact the funding needs of the critical sectors of the continent over the years.
21. **Mr. David Ashiagbor**, Chief Financial Sector Strategy Officer of AfDB, reiterated that the financial sector was a critical enabler of development, hence the need to support it through the DFIs. In so doing, the AfDB was working toward moving from simply financing the DFIs' activities to strengthening the DFIs themselves. He emphasized that the Bank considered national DFIs as partners and therefore was supporting efforts to reinforce their governance.
22. **Mr. Simon Aranonu**, Executive Director in charge of Large Enterprises at the Bank of Industry (BOI), Nigeria, highlighted that the BOI faced the challenges of running its operations profitably on the local market while hedging the local currency risks. However, the institution addressed this issue by funding its operations from the global market, syndications, and Europe bond market. In so doing, the Bank raised funds at low-interest rates on these markets to fund its operations while hedging the local currency risks with the support of the Central Bank of Nigeria.
23. Furthermore, he highlighted the benefits for DFIs to be regulated and supervised by the Central Banks and be subjected to other prudential regulations. These conditions would enable DFIs to operate efficiently and be attractive in raising funding. According to Mr. Aranonu, the Bank of Industry (BOI) Nigeria has multiple supervision layers, which include: the Central Bank of Nigeria, an independent auditor recruited by the Nigerian government to audit DFIs in Nigeria, among other supervisors and regulators, to increase DFIs' credibility.
24. As a result of these measures, the BOI was insulated from political pressure and interference from the government and supported by competent professionals at all levels of the organization. Consequently, the BOI had effective corporate governance and management, strong support from the Nigerian government, and the trust of its shareholders. The bank leveraged these advantages to raise more funds and serve its clients better.
25. **Ms. Kampeta Sayinzoga**, CEO of Development Bank of Rwanda (BRD), recalled her institution's challenges, including governance issues, a weak credit delivery system, poor value to shareholders, and a weak capacity to raise innovative concessional funding for development. To overcome these challenges, the institution decided to work with other DFIs and share experiences and best practices to strengthen its credibility, raise more funds by leveraging funding from the private and public sectors, and harnessing the support from its partners. On the issue of good governance, she informed that the Board of the BRD proposed to the government to include an independent and non-politically exposed official to reinforce the objectivity of the decision of the Board. It was also proposed to allow the CEO to recruit the management staff and ensure discipline within the institution without external interference. She believed that if DFIs abided by their internal regulations, they would improve their credibility and performance.
26. Furthermore, she reported that the BRD was registered under the banking law and was complying with the central bank regulations. The Bank also regularly builds the capacity of its staff to increase performance. Other measures taken by the bank under her leadership included working towards being triple-A-rated to diversify and increase funding sources, reducing turnaround time when dealing with clients' requests, investing in equity to provide credit that could help its clients, and recruiting experts to improve operations of the BRD. Mrs. Kampeta concluded by reiterating the need for the AfDB to collaborate with the African DFIs in raising funding to serve their local markets better.
27. **Mr. Idrissa Coulibaly**, Director of Risk, Banque Nationale d'Investissement (BNI), Côte d'Ivoire, pointed out that the BNI ranked 6th out of the 29 financial institutions in Côte d'Ivoire. Regarding the solutions for financing the institution's activities, he stated that BNI had improved its processes, including credit delivery. He informed that the bank was going through a Climate finance

certification process to be opportune to mobilize more funds to finance climate-related projects. Besides, the bank had the support of its shareholders and the government of the Republic of Côte d'Ivoire during the coronavirus pandemic. Moreover, in 2020, the bank created a department focusing on diversifying its funding source with its stakeholders. Finally, he acknowledged that there were benefits for BNI for having the right skills and complying with regulations.

E. Closing Session

28. **Mrs. Patricia Ojangole**, 1st Vice Chairperson of the AADFI and Managing Director of the Uganda Development Bank Ltd (UDBL), in closing the workshop, recalled that the discussions had centered on a burning issue at the heart of the success of the DFIs, especially the national DFIs. Mrs. Ojangole emphasized that the sustainability of DFIs' business lies in the availability of quality finance and funding. Therefore, she challenged the leaders of national DFIs to re-think how they were doing business to move Africa to the next level of its development.

29. She concluded by thanking the guest speakers, moderators, panelists, host institution, participants, and all who contributed to the fruitful deliberations of the workshop.

F. Conclusions and Recommendations

30. The following were the conclusions and recommendations from the workshop:

- i. **African DFIs are crucial for advancing the recoveries** of their economies from the coronavirus pandemic and supporting the actualization of the SDGs and Paris Agreement. As a result, the African DFIs need to harness the lessons from the recent crisis to build their resilience and sustainability.
- ii. **Innovative financing solutions, products, and services are required** and needed to be applied to specific challenges that traditional development interventions have failed to address appropriately. The development finance institutions were called upon to lead the quest for finding innovative finance and solutions while generating development projects with clear impacts in line with their mandates.
- iii. **African DFIs should improve their governance and be more innovative in their capabilities** by applying creative problem-solving approaches and making strategic choices that would define their operations in a sustainable manner. In so doing, they would overcome the challenges of inadequate capacity, financial and operational dependence hampering their operations.
- iv. **Africa needs access to digital tools and technologies** while operating within a regulatory environment protecting the safety and interest of its people. As such, African DFIs should invest in innovation, research and development, in addition to creating home-grown digital solutions, design appropriate financial products through innovative technology driven delivery channels.
- v. **Managing foreign currency risks is a challenge in financing local projects by most African DFIs. As such,** local currencies are more appropriate for funding local projects. Therefore, African DFIs should strength their capacity in raising local currencies, issue bonds and understanding hedging tools to raise funds in local currency for financing sustainable local projects. In that regard, national DFIs are encouraged to harness the opportunities offered by institutions like TCX Fund in managing and hedging local currency risks to and raise local and international funds.

**The AADFI Secretariat
Abidjan, Côte d'Ivoire
May 31, 2022**

