

African Development Bank



The Vice President

KEYNOTE ADDRESS

AT

**THE 2024 ANNUAL WORKSHOP OF THE ASSOCIATION OF AFRICAN
DEVELOPMENT FINANCE INSTITUTIONS (AADFI)**

**THEME: “A PRACTICAL ROADMAP FOR AFRICAN DFIS IN ACCESSING
GREEN FUNDS**

27TH MAY 2024

8:30 AM

MOMBASSA ROOM TENT 2

KENYA INTERNATIONAL CONVENTION CENTER

NAIROBI, KENYA

POWER, ENERGY, CLIMATE CHANGE AND GREEN GROWTH COMPLEX

- The Chairman, Association of African Development Finance Institutions and CEO of Citizen Entrepreneurial Development Agency - **Mr. Thabo Thamane**
- The Secretary-General, Association of African Development Finance Institutions - **Mr. Cyril A. Okoye**
- Heads of African Development Financial Institutions,

Ladies and Gentlemen,

I wish to express my gratitude to the leadership of the Association of African Development Finance Institutions for the honor of addressing this important Association’s annual workshop once again. This year’s theme, “A Practical Roadmap for African DFIs in Accessing Green Funds,” is very timely.

As we gather today, the devastation caused by climate change in several parts of Africa—including the recent floods here in Kenya—points to the need to accelerate support and financing for Africa from its current low base.

In this regard, allow me to make three key points:

Key Point 1: I am profoundly encouraged by and applaud the leadership role played by the Association of African Development Finance Institutions in embedding sustainability in the business operations of its membership.

- The AADFI Working Group on Climate Change was formed in November 2023, demonstrating the ongoing momentum sparked during the 2023 African Climate Summit,
- AADFI has taken proactive steps to showcase best practices from members such as the Bank of Industry of Nigeria and the Uganda Development Bank who have developed innovative green finance products, such as setting a benchmark for other members to follow.
- AADFI has also taken a leading role in raising awareness among its members about issues at the intersection of climate and development finance, including by joining the African Financial on Climate Change (AFAC) at the launch of its latest strategy at the Africa Climate here in Nairobi last year.

Key Point 2: The African Development Bank matches your ambition and is taking bold steps to support Africa in mobilizing climate finance, including advocating for the reform of the global financial architecture to support Africa’s transformation.

- The Bank set a target to devote 40% of its total financing to climate finance by 2020. We have consistently exceeded this target in the past three consecutive years, reaching 55% in 2023¹. This achievement is underpinned by strong partnerships.

¹ <https://www.afdb.org/en/news-and-events/africa-development-bank-group-world-leader-commitments-climate-finance-60637>

- For example, we have mobilized roughly \$4 billion in co-financing partnerships with multilateral climate funds such as the Green Climate Fund, the Climate Investment Fund, and the Global Environment Facility. From the GCF alone, we have cumulatively raised \$679 million².
- We have also mobilized climate finance through bilateral partnerships such as the Canada-Africa Climate Fund. In addition, the African Development Bank has obtained a \$2 billion guarantee from the UK, which will free up an additional \$2 billion for the Bank to devote to climate finance.
- The African Development Bank Group, in collaboration with the governments of France and Norway, has collectively committed \$2 billion over the course of 10 years to support clean cooking solutions in Africa. This initiative aims to offer clean alternatives to the 1.2 billion people in Africa who currently lack access to clean cooking facilities. As a result, it is estimated that the lives of 600,000³ individuals, mostly women and children, will be positively impacted each year.
- Through the Africa Adaptation Acceleration Program (AAAP), launched in 2021, we have supported 25 investment operations and 21 technical assistances in 36 African countries for a total of \$3.96 billion⁴.
- In response to calls for reforms of the global financial architecture, the African Development Bank established the Climate Action Window under the 16th replenishment of the African Development Fund With \$429 million of seed funding from donors (Germany, the UK, The Netherlands, Switzerland), we have set the target to expand this to reach \$13 billion. The Climate Action Window will directly support the low-income and most vulnerable countries on climate adaptation, mitigation and technical assistance. The first call for proposals for adaptation elicited \$4 billion of projects⁵, ten times the size of the total facility, confirming the massive demand for adaptation finance by countries.
- The Bank is also piloting new mechanisms to green the financial sector, including technical assistance for establishing dedicated Green Banks. Launched at COP27, the African Green Banks Initiative (AGBI) aims to create specialized national green investment facilities to scale up financing for climate adaptation and mitigation projects. In 2023, the Green Banks Initiative supported the Rwanda Green Investment Facility,

² <https://www.afdb.org/en/news-and-events/speeches/statement-dr-akinwumi-adesina-president-african-development-bank-group-high-level-strategic-roundtable-climate-finance-spring-meetings-world-bank-and-international-monetary-fund-18-april-2024-70156>

³ <https://www.afdb.org/en/news-and-events/speeches/statement-dr-akinwumi-adesina-president-african-development-bank-group-summit-clean-cooking-africa-paris-14-may-2024-70741>

⁴ https://www.afdb.org/sites/default/files/documents/publications/afdb_climate_initiatives_2023.pdf

⁵ <https://www.afdb.org/en/news-and-events/speeches/statement-dr-akinwumi-adesina-president-african-development-bank-group-high-level-strategic-roundtable-climate-finance-spring-meetings-world-bank-and-international-monetary-fund-18-april-2024-70156>

IREME, by securing \$42.8 million from the Green Climate Fund and contributing to the \$142 million transaction⁶. Similar technical assistance initiatives have been approved, and Banks in Benin, Côte d'Ivoire, Egypt, and Morocco.

- The African Development Bank has been a vocal advocate for redirecting IMF Special Drawing Rights (SDRs) to multilateral development banks to be used as hybrid capital. I'm pleased to share that the IMF board approved this proposal earlier this month. This new instrument provides the opportunity to lend at least US\$4 for every US\$1 equivalent of SDRs through the African Development Bank and the Inter-American Development Bank⁷.
- During the COP-28 meetings in Dubai last year, the African Development Bank announced its plan to incorporate climate-resilient debt clauses in all our sovereign loan agreements.

Key Point 3: Scaling up green finance mobilization to the order of magnitude required to finance Africa's Nationally Determined Contributions (NDCs) calls for deeper collaboration while harnessing the existing partnership between our institutions.

- Currently, African institutions have limited access to multilateral climate funds. For example, only three African development finance institutions have obtained Green Climate Fund (GCF) accreditation. Similarly, out of the 207 approved GCF projects, only three were developed by nationally accredited entities from Africa. In response, the bank is supporting the Development Bank of Nigeria (DBN) to achieve GCF accreditation. Together, we can enhance access to multilateral climate funds for African Development Finance Institutions, leveraging the Bank's AAA-rated status.
- As a member, AADFI has the opportunity to leverage the different initiatives of the African Financial Alliance on Climate Change (AFAC) to enhance the capacity of its members to raise green finance.
 1. To begin with, AFAC offers a pan-African platform for awareness and peer learning, enabling members to exchange insights on addressing shared challenges related to accessing climate and environmental finance.
 2. Additionally, the Bank and its partners within AFAC are dedicated to delivering tailored capacity building for member institutions to handle climate-related risks and opportunities effectively. For example, we are currently supporting Tanzania Agricultural Development Bank to conduct a climate risk assessment of its portfolio to enable their climate-sensitive capital allocation going forward.

⁶ https://www.afdb.org/sites/default/files/2024/03/22/afdb_cif_annual_report_2023_-_green_banks.pdf

⁷ <https://www.afdb.org/en/news-and-events/press-releases/african-development-bank-and-interamerican-development-bank-welcome-international-monetary-funds-imf-executive-boards-decision-approving-use-sdrs-hybrid-capital-instruments-70788>

3. Thirdly, AFAC and its partners are currently in the early stages of creating an African ESG Taxonomy for the Financial Sector. We invite AADFI members to take part in shaping the taxonomy through the consultative groups that will be established by the AFAC secretariat.
4. Fourth, AFAC also offers a platform for African financial institutions to collaboratively shape regional and global climate financial regulations aligned with the Paris Agreement and tailored to the needs of the African continent.
5. Fifth, The African Development Bank, through transformative initiatives such as the African Green Banks Initiative, is promoting an investment paradigm shift towards green portfolios within Africa's financial sector.

In closing, I want to reiterate the challenge ahead of us: mobilizing **USD 3 trillion by 2030**⁸ to meet Africa's NDCs. The African Development Bank is committed to furthering our existing partnership to expand green finance for Africa. Together we can achieve this.

I thank you and wish you fruitful deliberations.

⁸ <https://www.uneca.org/stories/climate-finance-nearly-us%243-trillion-needed-to-implement-africa%27s-ndcs>