



# 2023 AADFI ANNUAL WORKSHOP

*"The Role of African DFIs in Achieving Just Energy Transition"*

**May 22, 2023**

**Sharm El Sheikh International Congress Centre (SSHCC), Sharm El Sheikh, Egypt**



## SUMMARY REPORT

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## A. Introduction

1. The 2023 Annual Workshop of the Association of African Development Finance Institutions (AADFI) was held on the theme “**The Role of African DFIs in Achieving Just Energy Transition**” on May 22, 2023, at the Sharm El Sheikh International Congress Centre (SSHCC), in Sharm El Sheikh, Egypt. The workshop was organized with the African Development Bank (AfDB) and supported by the African Export-Import Bank (Afreximbank).
2. The objectives of the workshop were to (1) raise African DFIs’ awareness of climate challenges and discuss how they can play a more effective role in addressing climate challenges; (2) engage with the national DFIs on how they can effectively contribute to providing solutions for adaptation and mitigation of climate challenges ; (3) create a road map that African DFIs can follow to accelerate effort in achieving the just energy transition; (4) discuss how national DFIs can be relevant in achieving the recommendations of the 2022 COP27 on “establishing a dedicated fund for loss and damage” and “mobilizing more financial support for developing countries,” developing an investment framework, and developing regional investment agendas and roadmaps; and (5) create awareness of the African Financial Alliance on Climate Change (AFAC) and the opportunities therein.
3. A total of 122 delegates, comprising chief executives and senior management executives of development finance institutions, development partners, key stakeholders, and officials from international development institutions and agencies from the following 28 countries participated in the workshop: Angola, Benin, Burundi, Botswana, Côte d’Ivoire, Congo, Egypt, Eswatini, Ethiopia, France, Ghana, India, Kenya, Liberia, Malawi, Morocco, Niger, Nigeria, Qatar, Democratic Republic of Congo, Seychelles, South Sudan, Somalia, South Africa, Togo, Tunisia, Uganda, and Zimbabwe.

## B. Opening Ceremony

4. The opening ceremony was presided over by Mr. Thabo Thamane, Chairman of AADFI and CEO of the Citizen Entrepreneurial Development Agency (CEDA), Botswana, and attended by Ms. Oluranti Doherty, Director of Export Development, Afreximbank, representing the President of Afreximbank; Mr. Adama Mariko, Secretary-General, Finance in Common & Deputy Executive Director, Mobilization, Partnership, and Communication of AFD; and Dr. Kevin K. Kariuki, Vice-President, Power, Energy Climate Change, and Green Growth, AfDB, who delivered the keynote address.
5. **Mr. Thabo Thamane**, in his opening remarks, welcomed the distinguished guests and the participants and expressed appreciation to the government and people of the Arab Republic of Egypt for the peaceful atmosphere engendered to hold the workshop. He also expressed gratitude to the President of AfDB for the Banks’ consistent support to AADFI. He also thanked the President of Afreximbank for supporting the organization of the 2023 Annual General Assembly of AADFI.
6. Mr. Thamane acknowledged the problems associated with climate change which have intensified in the African region. He restated the fact that Africa produced less carbon than the rest of the world but was regrettably suffering more from climate change’s adverse effects. Hence the need for the continent to develop cutting-edge energy systems that would address several issues simultaneously if it was to develop and prosper. The envisaged energy system should be affordable, sufficient in supply, safe, and sustainable. He acknowledged that achieving the “Just Energy Transition” was more urgent now as it would provide for a cautious attitude toward fossil fuel divestment that is aligned with an equitable transition that guarantees employment opportunities and safeguards disadvantaged populations.
7. Mr. Thamane called for more involvement of the DFIs, particularly the national DFIs, to realize the just energy transition targets. Hence, the 2023 AADFI Annual Workshop provides an opportunity to take the necessary steps to contextualize African national DFIs and position them to





contribute to accelerating the just energy transition in their respective countries.

8. **Ms. Oluranti Doherty**, Director of Export Development, Afreximbank, speaking on behalf of Professor Benedict Oramah, thanked AADFI and AfDB for the meeting and acknowledged that the theme of the workshop – “The Role of African DFIs in Achieving Just Energy Transition” – resonated with Afreximbank as part of its mandate. She acknowledged that African DFIs were crucial in achieving a just energy transition by financing projects aligned with climate initiatives. According to Ms. Oluranti, Afreximbank’s initiatives included addressing the continent’s climate change-related issues and collaborating with the African DFIs to achieve its objectives successfully. She observed that African countries were at different stages of the energy transition, and a lot of financial and technical assistance was required to push the transitions forward. She also emphasized that the just energy transition in Africa should not sacrifice lives or the next generations; and that Africa needed funds to achieve its just energy transition – which could take some time – and Afreximbank would continue to work towards raising funds and advocating for that transition for a better future for the continent.

9. **Mr. Adama Mariko**, Secretary-General, Finance in Common & Deputy Executive Director, Mobilization, Partnership, and Communication of AFD, in his remarks, commended the AADFI for convening the discourse on the theme of just energy transition, which showed the link between environmental and social crises and the need to include the interests of workers and vulnerable populations in addressing the current climate issues.

10. According to Mr. Mariko, the public development banks (PDBs)/DFIs needed the support of their shareholders to play their role effectively, and this would include aligning their ambition with the SDG and climate goals, strengthening their mandates, and providing additional concessional resources. He stated that clear objectives were required to shift away from investments incompatible with a just and inclusive transition towards sustainable, low-carbon, and resilient development trajectories. Moreover, PDBs would have to join forces by integrating coalitions or regional associations, such as AADFI, which were powerful leverages to facilitate just energy transition for all by (1) sharing knowledge and building capacities to support more efficiently countries in their energy transitions; (2) increasing cooperation between members; (3) easing access to project preparation and project financing; and (4) fostering cooperation with partners within the financial ecosystem.

11. **Dr. Kevin K. Kariuki**, Vice-President, Power, Energy Climate Change, and Green Growth, AfDB, in his keynote address, recalled that the AfDB and the AADFI have a long-standing relationship based on leveraging their common strengths to benefit the DFI Community. He highlighted that the workshop’s theme aligned with the focus of the AfDB in 2023, which was a testimony of the vital link between AfDB and AADFI in achieving their common objectives.

12. Dr. Kariuki emphasized that Africa was projected to warm faster than other continents in the world, and Africa was already experiencing the devastating effects of climate change, including cyclones, droughts, and floods. He pointed out that although Africa was a minor contributor to climate change and carbon emission, the financial cost to address those issues was enormous – estimated at 7 to 15 billion dollars annually and projected to rise. However, the continent remained committed to taking part equally in the fight. In so doing, all African countries ratified the Paris Agreement. In addition, 12 African countries have announced zero carbon goals.

13. Furthermore, he stated that although the continent was committed to fighting against climate change, however, its current climate finance needed to meet its climate needs, in addition to industrialization, which required energy. According to Dr. Kariuki, while energy was a major factor in building resilience in Africa, the Africans have limited access to it, hence the emphasis on just energy transition on the continent; even though Africa was endowed with renewal energy – about 60% of solar energy – that remained untapped. He also explained that the transition pathway would vary across Africa, but the AfDB provides customized support for all African countries. Thus, throughout the continent, the AfDB prioritized renewal energies and transformation projects,



promoted climate finance programs, mobilized funds to finance climate-related projects, and leveraged green energy to reduce carbon emissions and greenhouse gas.

13. Dr. Kariuki acknowledged that the African DFIs have an essential role to play in Africa’s just energy transition, given the size and complexity of the related challenges. African DFIs' relevance was based on their strong domestic market expertise and strong partnerships with MDBs and development lenders in mobilizing funding. He noted that Africa had the resources to address the just energy transition but lacked the skills and knowledge to harness those resources. Consequently, the AfDB was forging partnerships to leverage the complementarities of the private and public sectors. The Bank was committed to working with the AADFI to build skills and knowledge on the energy transition, as well as strengthen the balance sheet of the African DFIs so that they can support the just energy transition effectively. Dr. Kariuki concluded by commending the relationship between AADFI and the African Finance Alliance on Climate Change (AFAC) and encouraged both organizations to reinforce their partnership toward achieving a just energy transition in Africa.

### C. Session 2

#### *“Just Energy Transition in Africa: Rationale, Opportunities, and Challenges”*

**Moderator:**

**Mr. Michael Mensah-Baah**, Deputy Chief Executive Officer, Development Bank Ghana (DBG)

**Speaker:**

**Dr. Steve Ogidan, mni**, Chairman/CEO, Global Knowledge Group

**Mr. Yusuf Daya**, Director, AU/AfCFTA and Trade Policy, Afreximbank

14. The panel discussion on “Just Energy Transition in Africa: Rationale, Opportunities, and Challenges” presented an overview of the Energy Transition, its current status in Africa, and the rationale for why it is a top development priority. It highlighted issues around the Transition and the opportunities therein. Furthermore, it identified the key stakeholders and players that could accelerate the achievement of the Just Energy Transition on the continent, discussed the challenges they face, and suggested how to overcome them.

15. **Dr. Steve Ogidan, mni**, Chairman/CEO, Global Knowledge Group, highlighted that social and economic disparities on the continent should be addressed for just energy transition to be achieved. He noted that the just energy transition could be a major job creator and believed that renewable energy and related technologies could increase the availability of jobs while protecting the environment. Consequently, he urged the African leaders from the private and public sectors, particularly the African DFIs, to play their roles effectively by, among others, ensuring a just energy for all even as he noted that just energy transition could also have a negative impact if not appropriately managed.

16. Therefore, he reiterated that all the sectors should work together and focus their effort on understanding the needs of the population and aligning their skills with the just energy transition, supporting their social development, addressing the global climate finance barriers, supporting the affected communities, and leveraging incentives for investors so that they can finance projects aimed at achieving the just energy transition on the continent. Furthermore, an open platform for sharing knowledge on projects, available resources, and strong financial institutions that understand climate projects and their financing were needed.

17. **Mr. Yusuf Daya**, Director, AU/AfCFTA and Trade Policy, Afreximbank, emphasized that for Africa to develop and survive, social inclusion should be achieved, and just energy transition should be embraced. To do so, more energy was required as the African population was growing. Consequently, the continent needed to industrialize and extend its energy supply while meeting the



requirements for the just energy transition and ensuring that the transition benefits Africans directly by creating more jobs for them and building their capacity to secure the jobs. Besides, he believed that the major obstacle to Africa – whose population was considered the most marginalized on the planet – in achieving the just energy transition was the lack of available funds to finance the initiative, in addition to the growing cost of living, drought, and floods. He noted that Africa had substantive resources and vast potential for renewable energy, which, associated with public investments and climate measures, could contribute significantly to achieving the just energy transition.

18. On how the DFIs could play a role in achieving the just energy transition on the continent, he explained that the African DFIs should engage with the private and public sectors on collaborating in the realization of the initiative, build the capacity of the entrepreneurs and the population on the just energy transition and create more jobs for them. He concluded by sharing that Afreximbank was working in that direction by prioritizing the implementation of the AfCTA to reduce the continent’s reliance on exports by leveraging the continent’s resources, supporting manufacturing, ensuring economic activities on the continent, and creating more jobs for the African population.

19. **Mr. Olumide Lala**, Climate Transition Ltd, emphasized that many African countries needed viable pension funds to support long-term investments. He suggested developing taxonomies to leverage the continent's resources and the need for the players involved in the just energy transition to speak with a unified voice, have a unified strategy, and clearly understand the amount of time allocated to achieve the desired transition.

#### D. Session 3

##### *“Achieving Just Energy Transition in Africa: Solutions and Way forward”*

###### **Moderator:**

**Mr. Tony Okpanachi**, Managing Director, Development Bank of Nigeria

###### **Panelists:**

**Mr. Olumide Lala**, Climate Transition Ltd

**Ms. Mosako Boitumelo**, Chief Executive Officer, DBSA

**Mr. Abraham Byanyima**, Trade and Development Bank (TDB) Group Executive Treasurer

**Mr. Youssef Beshay**, Senior Manager, Advisory and Capital Markets, Afreximbank

20. The second panel discussion focused on solutions and way forward on how to achieve energy transition as a top development priority in Africa, and the role of DFIs in attaining just energy transition.

21. **Mr. Olumide Lala**, of Climate Transition Ltd, in his lead presentation, highlighted the role of key stakeholders in achieving energy transition and the strategic actions required, which included (1) assessing the local context, setting targets and timelines, developing an implementation framework/plan, funding, and monitoring and evaluating progress; (2) developing policies to support a just transition, (3) Financing and mitigating the associated risks, which emphasized the role of DFIs in just transition.

22. Furthermore, he acknowledged the role of AfDB and the Bank’s initiatives in support of Energy Transition, including the Desert to Power Initiative launched by the AfDB to harness Africa’s abundant solar resources in the Sahel region, the Africa Renewable Energy Initiative (AREI) to add 300 GW of renewable energy capacity in Africa by 2030, the Scaling Solar Program which has successfully facilitated the development of several utility-scale solar projects in African countries, the Sustainable Energy Fund for Africa (SEFA) a multi-donor trust fund that supports



the development of renewable energy and energy efficiency projects in Africa, and the African Renewable Energy Fund (AREF) which is a dedicated private equity fund that invests in renewable energy projects in Africa.

23. Furthering the conversation, Mr. Lala, emphasized that sharing experience and knowledge in finance and renewable project, building capacity, developing policies, and collaboration are critical in achieving a just energy transition. Thus, the African Financial Alliance on Climate Change (AFAC) – a pan-African alliance promoting climate action knowledge sharing, climate risk-mitigating financial instruments, climate risk disclosure, and climate finance flows – was formed to support the ongoing projects and initiatives related to climate change adaptation and mitigation. He advised that African leaders should act in the continent’s interest and set realistic targets for realizing the just energy transition.

24. **Ms. Mosako Boitumelo**, Chief Executive Officer, DBSA, shared specific initiatives of DBSA targeting the just transition. According to her, DBSA identified early the importance of certainty when dealing with policies and regulations. Thus, the Bank standardized its procurement documents with the participation of the sectors involved in the policies. She believed collaboration and sharing knowledge with fellow DFIs within the region was vital to leveraging the lessons learned and avoiding avoidable mistakes. According to Ms. Boitumelo, DBSA set a clear direction and developed an appropriate transition framework to inform its clients in the region on how the institution was transitioning. Moreover, the Bank created a team focusing on climate financing and resource mobilization, developed programs on green banking, building capacities, sharing knowledge, and providing technical assistance for other DFIs through AADFI and other networks of DFIs.

25. **Mr. Abraham Byanyima**, Group Executive Treasurer, Trade and Development Bank (TDB), stated that TDB was a precursor to infrastructure and renewable energy. Some of the Bank’s notable actors, private and public sectors were joining hands to structure financial solutions for countries in the region. Besides, he emphasized that collaboration with big MDBs was required to get to a stage where the renewable energy models could be localized and decentralized. Furthermore, he observed that local currency was essential to finance projects at the national level and suggested that national and regional banks collaborate to develop local currency business models. To accelerate the energy transition, he suggested developing the right policies and environment, involving governments in the process, creating jobs for the youth, and creating value for the economies.

26. **Mr. Youssef Beshay**, Senior Manager, Advisory and Capital Markets, Afreximbank, spoke about reducing the cost associated with the just energy transition and how Afreximbank achieved that. He underlined that at the strategic level, Afreximbank was bringing projects to bankability, mobilizing financing from across the continent to finance projects, promoting tradability as trade could be one solution to climate change, making clean energy profitable to all, and supporting carbon currency. Moreover, Afreximbank continued to support the just energy transition and financing projects and initiatives on capital as long as the portfolio was consolidated. He concluded by indicating that Afreximbank also had programs related to improving the ecosystem and relied on external assistance to prepare projects requiring particular expertise.

## E. Closing Session

27. **Mrs. Patricia Ojangole**, 1<sup>st</sup> Vice Chairperson of AADFI and Managing Director of the Uganda Development Bank Ltd (UDBL), in her closing remarks, thanked the African Development Bank (AfDB) and the African Export-Import Bank (Afreximbank) for their support in hosting the 2023 Annual Workshop. She noted that to achieve a just energy transition, the role of development finance institutions, the creation of dedicated funding, and the mobilization of financial resources would be crucial. In addition, the global community, advanced economies, and African countries





would need to do more to help accelerate the just energy transition in Africa. She recognized that the African DFIs needed to be well-positioned, well-transformed, and sustainable holistically to play the desired role. Ms. Ojangole thanked the panelists and moderators for their valuable contributions to the discussions and appreciated the delegates' active participation.

## F. Conclusions and Recommendations

28. The following were the conclusions and recommendations from the workshop:
- i. **Africa contributes the least to climate change but suffers the most from its adverse effects.** However, the continent remained committed to participating equally in the fight against the impact of climate change. Consequently, the stakeholders should collaborate in developing cutting-edge energy systems to adapt to climate change and mitigate the related risks.
  - ii. **Deep knowledge of just energy transition is required to achieve the transition.** There is a need to collect more data and information on the just energy transition and harness them accordingly to know the details of the desired transition. In so doing, just transition would be achieved without leaving no one behind, sacrificing lives or the next generations.
  - iii. **Local currency can significantly contribute to financing projects aligned with the just energy transition at the national level.** Therefore, development banks and financial institutions, particularly national and regional DFIs, should collaborate in developing local currency business models that could support the just energy transition projects and initiatives at the national level.
  - iv. **Africa has substantive resources that could significantly contribute to accelerating the just energy transition.** The continent has vast potential for renewable energy, which, associated with public investments and climate measures, could facilitate the realization of the desired transition. But it needs the required skills and knowledge to harness those resources.
  - v. **Collaboration is vital for an effective, inclusive, and accelerated just energy transition.** Consequently, the AfDB is forging partnerships to leverage the synergies and complementarities of the private and public sectors. The Bank is committed to working with AADFI to build skills and knowledge and strengthen the African DFIs' balance sheet to support the transition better.
  - vi. **The energy transition pathway varies across Africa.** Therefore, a lot of financial and technical assistance is required to push forward the just energy transition with customized approaches across African countries, and the AfDB is providing solutions in that regard through various programs and initiatives.
  - vii. **The just energy transition can have counterproductive if not adequately managed.** Therefore, the players involved in the transition should work closely together, focus on understanding the needs of the population on the ground, and act in their best interest.
  - viii. **The AADFI should intensify its activities in driving the just transition, focusing on sustaining awareness, knowledge sharing, capacity building, and resource mobilization.** Aligning these activities with other key partners, such as the African Financial Alliance on Climate Change (AFAC), was recommended.

The AADFI Secretariat  
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